Austria	Sch 22	Indonesia	Rp 3100	Philippines	Pes 20
Bahrain	Din 0 650	Israel	NS 3 50	Portugal	Esc 100
Belgium	BFr 48	Italy	L 1600	S. Arabia	Rls 6 00
Canada	C$1.00	Japan	Y600	Singapore	S$ 4 10
Cyprus	C£0.75	Jordan	Fils 500	Spain	Pta 125
Denmark	DKr 9 00	Kuwait	Fils 500	Sri Lanka	Rup 30
Egypt	E£2.25	Lebanon	£L 50 00	Sweden	SKr 8.00
Finland	Fmk 7 00	Luxembourg	LFr 48	Switzerland	SFr 2 20
France	FFr 6.50	Malaysia	Ringgit 4.25	Taiwan	NT $65
Germany	DM 2.20	Mexico	Pes. 300	Tunisia	Din 0 800
Greece	Dr 80	Morocco	Dh 6 00	Turkey	L 500
Hong Kong	HK$ 12	Netherlands	Fl 3 00	U.A.E.	Dh 6 50
India	Rup 15	Norway	NKr. 7 00	U.S.A.	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEVSPAPER

No. 30,212 . Thursday April 16 1987 D 8523 B

Greek drama of state versus church over land bill, Page 20

News Summary — Business Summary

Spanish strike hits Easter travellers

Thousands of foreign and Spanish holidaymakers had their travel plans disrupted yesterday when workers of state airline, railway and ferry companies staged a second 24-hour strike in defiance of government pay guidelines.

The strike, backed by both of Spain's main trade union bodies and timed to cause maximum inconvenience, led to the cancellation of 450 scheduled flights. Page 3

Gandhi denounced

Prime Minister Rajiv Gandhi sat impassively in India's parliament as his government was denounced as "steeped in corruption" during discussion of a possible $23m arms deal payoff. The debate arose after Defence Minister Vishwanath Pratap Singh, known to be a corruption fighter, resigned on Sunday. Page 4

Japan budget move

Japan's Liberal Democratic Party railroaded the 1987 fiscal budget through the Lower House budget committee in an unusual move which underscored the pressure on Prime Minister Yasuhiro Nakasone's government. Page 4

Third Italian bid

Italian President Francesco Cossiga asked Senate president Amintore Fanfani to try to form a government after two other senior politicians failed. The six-week crisis seemed certain to send Italy early to the polls. Page 3

Ambrosiano inquiry

The Swiss Federal Court gave Italian authorities permission to study bank files and interview bank employees as part of their investigation into the 1982 collapse of Banco Ambrosiano.

Thatcher aide bomb

A letter bomb was sent to the home of British Prime Minister Margaret Thatcher's chief press spokesman Bernard Ingham. There were no injuries.

Trains attacked

Trains were set ablaze at three railway stations in the Soweto township near Johannesburg for the third day in a row. Workers reported a strong South African security presence.

Noumea referendum

France's National Assembly approved a bill for a referendum in New Caledonia on independence. Page 2

Dutch port strike

A two-week-old dispute in Rotterdam port's grain sector over wages and work conditions reached a deadlock.

Sarney cancels visit

Growing political and economic problems have forced Brazil's President Sarney to cancel a visit to Angola, India and China next month. Page 4

Livestock ship hit

Iranian gunboats attacked and set fire to a laden sheep carrier, the Corriedale Express, in the middle of the Gulf, regional shipping sources said.

Ireland EEC poll

Ireland set May 26 for a constitutional referendum to ratify European Economic Community plans to co-ordinate foreign policies of member states.

Financial Times

The Financial Times will not be published tomorrow or on Easter Monday. It will be published as normal on Saturday.

Gatt to mediate in chips dispute

JAPAN has warned it will resort immediately to the disputes procedure of the General Agreement on Tariffs and Trade (Gatt) if the US imposes punitive tariffs on Japanese electronic imports. Page 20

WALL STREET: The Dow Jones industrial average closed up 29.97 at 2,282.95. Page 44

LONDON equities managed to hold onto early gains with the FT-SE index up 13.3 at 1,922.2 and the FT Ordinary 8.4 higher at 1,515.1. Gilts finished lower. Details, Page 40.

TOKYO continued volatile as the Nikkei average first plunged on the yen's strength and margin trading curbs. Financial stocks later attracted demand and the Nikkei ended just 13.39 down at 23,510.69. Page 44

DOLLAR closed in New York at DM 1.8075; SFr 1.4895; FFr 6.0135; and Y141.60. It rose in London to DM 1.8060 (DM 1.8020); to FFr 6.0100 (FFr 5.9975); to SFr 1.4885 (SFr 1.4850), and to Y141.75 (Y141.10). On Bank of England figures the dollar's index rose to 100.7 from 100.5. Page 33

STERLING closed in New York at $1.6330. It rose in London to $1.6330 (01.6325); to DM 2.9500 (DM 2.9425); to FFr 9.8150 (FFr 9.7900); to SFr 2.4300 (SFr2.4250), and to Y231.50 (Y230.25). The pound's exchange rate index rose 0.1 to 72.1. Page 33

GOLD rose $1 to $443.75 on the London bullion market. In Zurich it also rose to $444.50 from $444.25. Page 32

SECURITY Pacific, US West Coast banking group, increased net income in the first quarter by 12.2 per cent to $98.6m, or $1.21 a share, mainly reflecting lower loan-loss provisions and higher non-interest income. Page 21

AMERICAN Telephone & Telegraph, despite substantially reduced revenues, increased first-quarter net earnings by 28 per cent to $445m, or 40 cents a share. Page 21

SIR STANLEY Grinstead, chairman of Grand Metropolitan, international drinks and hotels group, is to retire at the end of June.

MERCK, US pharmaceutical company which is a constituent of the Dow Jones industrial index, reported a 28 per cent advance in the first quarter, apparently maintaining last year's growth. Page 22

AMR, parent of American Airlines, reported a 44 per cent rise in first-quarter net income to $19.9m or 34 cents a share despite a near tripling in financing costs related to its large expansion programme. Page 21

AIR LIQUIDE, French industrial gases group, raised net consolidated profits last year by 12 per cent to FFr 1.56bn ($259m) after increasing sales by 3.7 per cent.

DUMENIL LEBLE, expanding French financial group, has bought a 24.7 per cent stake, worth about £3.5m ($5.7m), in Leopold Joseph, UK merchant bank.

CATERPILLAR, the US earthmoving equipment maker, plunged to a net loss of $84m, or 85 cents a share, in the first quarter, from a profit of $111m, or $1.13 a year earlier.

CONTINENTAL ILLINOIS, 11th largest US bank, turned in first quarter operating net earnings ahead at $26.9m, or 9 cents a share on enlarged capital, from $22.5m, or six cents a share.

DIGITAL EQUIPMENT, large US computer group, boosted third-quarter net earnings by 81 per cent to $307.8m, or $2.29 a share on sales up at $2.41bn, against $1.93bn previously.

AMERADA HESS, US oil group, recovered from a first-quarter net loss of $339.3m or $4.02 a share, to a profit of $181.5m, or $2.15, on sales down at $1.23bn from $1.43bn.

Judge rules Saunders' £5m payment to Ward 'unlawful'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ALLEGED agreement between Mr Ernest Saunders, former chairman and chief executive of Guinness, the UK drinks and leisure group, and his fellow director Mr Thomas Ward, that Mr Ward be paid a £5.2m fee "could not have been lawfully made", a High Court judge said yesterday in London.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, said that it was not for him to say whether or not any such agreement – the existence of which rested solely on Mr Saunders's and Mr Ward's evidence – had in fact been made.

But, he said, no such agreement could have been lawful because there had been no disclosure to the full Guinness board as was required under the Companies Act and Guinness's articles.

The judge rejected pleas by Mr Saunders and Mr Ward that temporary orders freezing their UK assets up to £5.2m be lifted. Subject to appeals, the freeze will remain until full trial of the action.

In the case of Mr Saunders, the judge said that he was satisfied that, in the absence of a freezing order, there was a real risk Mr Saunders would transfer his assets abroad or otherwise dissipate them.

More than once in his two-hour judgment, Sir Nicolas stressed – "in fairness to Mr Saunders and Mr Ward" – that the serious allegations made against them, which they strenuously denied, were only allegations.

... said: "No one ... he made no findings ... ment as expressing ... facts, the judge ... whether these allegations ... this judg... will not be proved."

Guinness had contended that, if there had been an agreement it had been made by Mr Saunders and Mr Ward in breach of their fiduciary duty to the company, and a fee of £5.2m had been wholly disproportionate to any services provided by Mr Ward to Guinness.

Mr Ward had claimed that the £5.2m had been a fee paid to him for his "crucial" role in the Guinness takeover bid for Distillers.

The judge, said that it might be that, even although the £5.2m payment had been unlawful, Mr Ward was entitled to some special remuneration for his "undoubtedly successful" efforts on Guinness's behalf in relation to the bid.

The judge said that Mr Ward had ... to Guinness's claim for ... must make full and ... ings with ... of all his deal... paid to him through ... since it was Jersey. The £5.2m, the ... in was unarguably Guinness's ...

The judge said that, apart from all the circumstances of the case, there were particular reasons why he had decided that Mr Saunders' UK assets should remain frozen:

● Mr Saunders had a close connection with Switzerland, where he was domiciled for tax purposes and had at least two bank accounts; Mr Saunders and his wife had been in Switzerland since March 16.

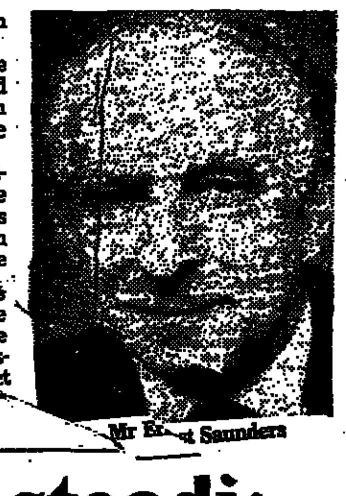
● Mr Saunders had put his house in England on the market. He had declined Guinness's request for an undertaking not to dispose of the sale proceeds of that house.

● Apart from this case, very serious allegations had been made about Mr Saunders' conduct as Guinness chief executive which were being investigated by Trade ... ment inspectors.

former ... Olivier Roux, Guinness's ... believed – ... director, was to be is a big "if" – ... that there closed that Mr Saunders ... ions dis... duct

Continued on Page

Background, Page 8



Mr Ernest Saunders

US-Soviet nuclear talks narrow gap on European arms

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN MOSCOW

THE US and the Soviet Union have made good progress in narrowing some of their differences on arms control problems without, however, achieving a real breakthrough, following three days of prolonged talks here between Mr George Shultz, the US Secretary of State and Soviet leaders.

Mr Shultz's discussions, which included a 4½ hour meeting with Mr Mikhail Gorbachev and many hours of talks with Mr Eduard Shevardnadze, the Soviet Foreign Minister, took place in a surprisingly good atmosphere, given the mutual recriminations in recent weeks over alleged spying activities.

Both foreign ministers confirmed that they had narrowed the gap between them on a proposed agreement to eliminate from Europe intermediate-range nuclear forces (INF) – medium range missiles with a range of 1,000 km to 5,000 km – to which priority will now be given at the Geneva arms control negotiations.

"Very considerable headway has been made and it should be possible to work out an agreement in this field with hard work and creative efforts," Mr Shultz told a news conference at the end of his visit.

Mr Shevardnadze thought an agreement could possibly be reached this year. But both sides emphasised that the problem of how to treat shorter range missiles remained an obstacle.

Mr Gorbachev, whose surprise initiatives just before and during Mr Shultz's visit injected a sense of drama into the negotiations and kept the US negotiators constantly on their toes, made an attempt yesterday to meet US and European demands on shorter range nuclear weapons.

The Soviet leader proposed that an INF agreement should include a specific undertaking to limit weapons with a range of 500 km to 1,000 km, as the Nato countries have proposed. But the Soviet concession satisfies only part of Nato's demands.

While Moscow has proposed that shorter range missiles, together with medium range missiles, should be abolished altogether – within a year in the former case – the European Nato countries in particular want to retain some shorter range capability.

Mr Shultz informed his hosts that Nato, which was in a position of inferiority in this category, wanted to build up to an equal level with the Soviet Union.

The US Secretary of State went out of his way to emphasise to the Soviet side that the US would not, under any circumstances, conclude any INF agreement without full consultation with its allies, who are known to have strong reservations about the Soviet proposals. Mr Shultz is due to start these consultations in Brussels today, when he briefs the Nato Council on the results of his Moscow discussions.

Whatever the progress made in Moscow, it was insufficient for an agreement to be reached on the date of a summit between President Ronald Reagan and Mr Gorbachev in Washington later this year, as the President proposed in a letter to the Soviet leader.

Mr Gorbachev said he was certainly prepared to attend such a meeting, but only if the foundations had first been laid for an agreement on the elimination of medium range missiles and the "key principles" of other disarmament questions. There would be no point in "just going for a walk" in the US, he told journalists.

That the conditions for such a summit are still far from being fulfilled was made clear by further details of the talks furnished by Mr Shultz.

In contrast to the progress made on INF, he could not report any real headway on the proposed reduction of strategic weapons and, least of all, on the Soviet demand that the US should renounce any intention to deploy space weapons.

Mr Shultz confirmed that, while both sides were agreed on the principle of a 50 per cent cut in their strategic nuclear weapons, as had been provisionally agreed at the Reagan-Gorbachev summit in Reykjavik last October, they were still very much at odds over certain other aspects of an agreement in this field.

In particular, Moscow has expressed strong objections to the latest US proposal, tabled by Mr Shultz in his discussions here, to increase the period during which the

Continued on Page 20

Spy row, Page 3; editorial comment, Page 18

Medical merger for GEC and Philips

By David Fishlock, Science Editor, in London

A MERGER of the medical equipment divisions of GEC and Philips to create what may be the world's biggest company specialising in medical technology is expected to be announced today.

Picker International, GEC's medical division, predominantly based in the US, and Philips Medical Systems in the Netherlands are to be combined in a new jointly owned company with headquarters in the US. The two companies at present employ about 17,000 and have combined sales of about $2bn.

Since the present division is roughly two-thirds Philips and one-third GEC, the merger will require a big cash investment by GEC to produce a 50:50 partnership.

For GEC, it will mean a major investment in Europe, while within Philips it is seen as a big venture into the US market for medical equipment.

Both companies have made major research investments in advanced diagnostic systems, notably nuclear magnetic resonance (NMR) methods of scanning patients for disease.

Picker says it has supplied nearly 100 NMR systems to hospitals in the US, Europe and Japan, since the first was installed at the Hammersmith Hospital, London, in 1981.

The latest development from its research laboratories at Wembley is an NMR scanner which can perform both visual imaging and chemical analysis on a patient.

Philips' Czech venture, Page 20

Dollar steadies on bankers' reassurances

BY JANET BUSH IN LONDON AND CARLA RAPOPORT IN TOKYO

THE DOLLAR enjoyed a steadier day yesterday as the foreign exchange market took stock after Tuesday's sharp declines amid a series of reassuring comments from leading central bankers.

The dollar's bounce started in Tokyo, partly on news that the Japanese budget has been presented by the ruling Liberal Democratic Party and is likely to be passed in about a month's time along with a supplementary package designed to stimulate the economy.

There have been weeks of delay in getting the budget through Diet debates and Japan has come under increasing pressure to get on with boosting its economy.

Frustration with these delays has been seen as a key reason behind the yen's sharp rise amid strong speculation that Japan's partners in the Group of Seven have not done as much as they could to stop the dollar falling because they wanted to force the pace on implementation of stimulation measures.

However, a surer consensus seemed to emerge yesterday in official statements that the dollar should not fall further.

Mr Satoshi Sumita, governor of the Bank of Japan, said that the major industrial countries had agreed that foreign exchange markets had become speculative and that the yen had risen far enough against the dollar.

In what appeared to be an attempt to further underscore the Paris commitment to stabilise currencies, Mr Sumita said Japan now had extensive swap arrangements with the central banks of the US, West Germany and Switzerland which were designed to facilitate intervention.

Japanese officials in Geneva said Japan would resort immediately to Gatt dispute procedures if the US imposed punitive tariffs on electronic imports. Meanwhile, in Washington, the latest US trade figures spurred the debate on how statistics are compiled and over their effect on currency markets. Page 20.

The Bank of England yesterday declined to comment on reports that Japan was negotiating to open currency swap lines with Britain.

Apart from the Bank of Japan, there appeared to have been no noticeable central bank intervention yesterday.

In Paris, Mr Karl Otto Pöhl, president of the Bundesbank, West Germany's central bank, told a meeting of businessmen that it would be extremely risky to aim at a further decline of the dollar in order to improve the US trade balance.

Foreign exchange dealers said that the dollar's bounce yesterday was not surprising after its sharp falls on Tuesday but that the mood remained nervous.

In London, the dollar closed marginally firmer at Y141.75 compared with Tuesday's closing Y141.10 and at DM 1.8060 after DM 1.8020 previously.

Sterling saw some healthy demand after figures released yesterday showing a sharp fall in Britain's official unemployment total in March.

Japanese budget, Page 4; money markets, Page 33

Manila seeks new debt talks in bid to match Argentina's terms

BY OUR FOREIGN STAFF

THE PHILIPPINES warned yesterday that it would seek to reopen negotiations completed only three weeks ago with leading creditor banks on a $10.3bn debt rescheduling, and would demand the same terms as were obtained this week by Argentina.

Although Argentina's advisory committee of commercial banks had not announced the deal by yesterday evening, an Economy Ministry official confirmed in Buenos Aires that the country has won a $^{13}/_{16}$ margin over Eurodollar interest rates on a $30bn 19-year rescheduling.

The Argentine spread is below the ⅞ margin agreed by the Philippines in its 17-year deal, and the same as in a Mexican rescue package which bankers had said was an exception which would not set a precedent for other debtors.

Mr Jaime Ongpin, the Philippines Finance Secretary, said that if the Argentine deal were officially confirmed "the Philippines intends to open its own renegotiation on the bank rescheduling and will insist on a $^{13}/_{16}$ rate to match what the Argentinians have been able to get."

"The banks almost without exception represented to us that the Mexican rate of $^{13}/_{16}$ was an aberration that would never be repeated, and proceeding on that premise we agreed to ⅞," Mr Ongpin told a press conference in Manila. "The Philippines does not see why it should not be entitled to the same rate."

In New York, Manufacturers Hanover, the US bank which chairs the Philippines advisory committee of leading bank creditors, had no comment on Mr Ongpin's remarks. It said it had not heard officially from the Philippines.

Bankers said, however, that both the Philippine and Argentine deals were complex and had been very difficult to negotiate.

Mr Ongpin said that although a reduction of $^{1}/_{16}$ would save only $5.1m a year, "it's not just the question of money here. There's a principle involved." Mr Ongpin said Mr Jose Fernandez, the central bank governor, had spoken to Manufacturers Hanover and "their reaction was that we had a right to feel disappointed."

Bankers in Manila said the Philippines appears to have a strong case for a rate reduction. The Philippines is not seeking new money – Argentina is to receive a loan of some $1.9bn – and Manila, unlike Argentina and Mexico, has also undertaken to make token repayments of principal.

The Argentine deal followed last week's meeting of the International Monetary Fund's policy-making interim committee, which urged banks to speed their lending to troubled debtors. "There was a clear sentiment towards being accommodating towards debtor countries," Mr Ongpin said.

To the ministry official in Buenos Aires, the banks have acceded to practically all of Argentina's demands in the rescheduling package.

Manila tangles with San Miguel, Page 24

CONTENTS

ZIMBABWE WAITS TO SCRATCH A SEVEN YEAR ITCH

Seven years after independence premier Robert Mugabe can do away with the 20 white seats in Zimbabwe's parliament, Page 4

Swedish steelmen strike

By Sara Webb in Stockholm

SWEDEN'S state-controlled commercial steel group, SSAB is facing wildcat strikes because of the management's decision to push ahead with major cost-cutting measures including mill closures and the loss of 2,200 jobs.

A series of illegal strikes has hit SSAB over the past week, costing the company an estimated SKr 3m (£292,000) in lost production.

About 2,000 steel workers downed tools on Tuesday and Wednesday, bringing production to a standstill at the Domnarv steel, hot strip, and medium strip mills.

SSAB said the strike action resulted in the loss of 3,000 tonnes of sheet steel and 2,000 tonnes of semi-finished steel.

Talks between the engineering workers' union and the management resumed yesterday, but the management said it was determined to enforce its programme of cost-cutting measures in an attempt to make SSAB more profitable so that it can eventually be launched on the stock market.

To that end, the Government made sweeping board changes at SSAB last November, bringing in a group of heavyweight names from Swedish industry known in Sweden as "the Bjoern mafia" after their leader, Mr Bjoern Wahlstroem, who is the new chairman of SSAB and who is regarded by the unions as an avid job-cutter.

Swiss Green party expects big advance in October poll

AS ENVIRONMENTAL worries become a dominant political theme in Switzerland, the Greens have high hopes of strengthening their position after dramatic gains in local elections in Zurich, Reuter reports from Zurich.

Accidents at the Soviet nuclear plant at Chernobyl and at a Rhine-side chemical plant in Basle last year, along with routine reports of dying trees and polluted air, have contributed to Swiss concerns about the state of their country, which has some of the world's most beautiful scenery.

Although all the large parties have tried hard to acquire a "green tinge," it is the Swiss Green Party itself which is following in the wake of its West German counterpart reaping the largest political ... 3.6

The party, which ... won the per cent nation... one in 10 voters ... support of ... contests in Zurich and ... this month and hopes to more than double its support in October's general election.

If it succeeds, this would push it past the more radical West German Greens, Europe's most successful environmentalist party, which took 8 per cent in the Bonn elections this year.

"The Green party has become a genuine new political force," said Mr Claude Longchamp, a leading Swiss political scientist.

"They have clearly succeeded in attracting those who do not belong to parties, in mobilising those who currently do not bother to vote and in taking votes from the governing parties."

Apparent disenchantment with the 27-year-old "grand coalition" of Radical Democrats, Christian Democrats, Social Democrats and People's Party has helped the Greens to a series of local victories in the past two years.

They won their first seats in a cantonal government, Berne, last May. This month saw them increas... ing their parliamentary se... into the than fourfold in Zurich ... with 11 out of canton, as well ... Geneva ... government parties hold a 80 se... ... ained 83 per cent of seats in the power House of the Federal Parliament. They won 71 per cent in Zurich.

"We Swiss have got it so good that people have time to sit back and think," is how Mr Hans Meier, president of the Zurich party, analyses the success of the Greens in one of the world's richest countries.

"We have all seen how our small land has been totally overbuilt, oversold and overconcreted with motorways, so now we are asking ourselves: What is the point of always wanting more, when we already have so much?"

If opinion polls are anthing to go by, many Swiss, even those who do not go as far as voting for the Greens, share his concern over the effects of "progress" on the lakes, mountains and forests of the beautiful Alpine republic.

Alarmed by reports that more than half the trees have been damaged by pollution, many of those polled voiced support for measures such as car-free Sundays, lower ... has torway speed limits and emission limrationing. Swiss ... an country. the tough ...

Nevertheless, question marks remain over whether the Greens will make the transition from a protest party to a permanent feature of the political scene.

"The Greens have taken the role of bearers of hope," Longchamp said. "But now they must succeed in translating their current bonus into actions and make practical policy."

This meant they would have to join local coalitions and take responsibility for decisions. They would have to work hard to build their still limited party organisation and come up with a more comprehensive political programme, he said.

The national Greens party is still just a loose collection of some 10 individual cantonal parties with only a brief national programme, supplemented by local ones, calling for "the preservation of the quality of life, the air, ground and water, not only for us but for our descendants, too."

Paris plan to alter funding for arts

... ham in Paris

THE FRENCH Government yesterday approved plans for a new law intended to expand private sector funding of the arts.

The bill will extend the tax advantages previously reserved for gifts to philanthropic organisations to cover a wider range of artistic, sporting and environmental charities.

The legislation adopted by the Council of Ministers will also double the level of the tax breaks allowed for both individuals and companies, and will reform the rules governing charitable status.

More than half of the French population never, or hardly ever, gives money to charity, according to an opinion carried out for the Finance Ministry. The French favour medical or scientific research bodies, followed by humanitarian charities, the poll showed, with cultural organisations a long way behind.

Despite favourable tax treatment introduced in 1985 by the previous socialist government, private cultural sponsorship runs at only about FFr 350m ($58.3m) a year. Funding comes overwhelmingly from the state.

Moscow to reshape workers' education

THE KREMLIN ... yesterday announced ... to reshape political education classes for workers with the aim of bringing popular thinking into line with its reform drive, Reuter reports from Moscow.

Directives from the Communist Party leadership, published in Pravda, said education courses at factories and offices throughout the country would be restructured to increase the contribution of workers to social and economic reforms.

"To shape the consciousness of millions of workers, to change their psychology and thinking in the spirit of reconstruction, is one of the key tasks of ideological activity," the party newspaper said.

Reconstruction is the term used by the Soviet leader Mr Mikhail Gorbachev for his drive to upgrade the nation's economic efficiency, improve living conditions for working people and increase public participation in political life.

While many intellectuals have backed the reform drive, the Soviet public remains largely indifferent to the changes and an undercurrent of resistance to Mr Gorbachev has formed among middle-level officials in fear of losing privilege.

Pravda, describing the existing political education system as hidebound and cut off from life, said it had failled to instil understanding of the Kremlin reform programme.

The monthly political education classes are mandatory for all Soviet officials, workers and youths, regardless of whether they belong to the Communist Party. Teaching focuses on current Soviet policy, Communist ideology and Marxist-Leninist theory.

Pravda said the absence of creative discussion and exchange of opinions at the classes had undermined their authority.

It said the new system should arm Soviet citizens for mature political thinking which would allow them to contribute personally to the succes of the reforms.

Pravda said the classes, which are held from October to June in cities and from November to April in rural areas, should use learning aids including video films, records and improved textbooks to increase understanding of current events.

It called for greater dialogue during the courses, adding that party leaders at all levels would be held personally responsible for the education of party officials.

Pravda said members of the Komsomol Communist Youth League should learn to assess current problems through systematic study of party documents and reports in the mass media.

The 40m-member Komsomol yesterday opened a four-day congress, its first in five years, with Gorbachev and some 5,000 delegates in attendance.

In his opening address, Komsomol leader Mr Viktor Mironenko strongly criticised the organisation's central committee for what he called its bureaucratic approach to the concerns of young people.

US warned by Moscow over Afghan guerrillas

By Robin Pauley, Asia Editor

A STRONG warning that negotiations in Geneva over Soviet troop withdrawals will collapse next month unless the US stops funding and arming Afghan guerrilla groups was given by a senior Soviet diplomat in London yesterday.

Mr Guerman Gventsadze, minister counsellor at the London embassy, said: "We are not going to abandon Afghanistan and leave it to face alone outside armed intervention. We shall help Afghanistan as long as this intervention continues and there should be no mistake about it."

The timing and strength of Mr Gventsadze's comments appears to be designed to counter comments made by Mr Mohammad Khan Junejo, Pakistan's Prime Minister, who said during his recent official visit to Britain that there could be a breakthrough when the Geneva talks resumed.

This was taken to refer to the timetable for troop withdrawals, where the gap has narrowed. The Geneva talks are limited to troop withdrawals and are not concerned with political change and the constitution of a new government.

But Mr Gventsadze insisted yesterday that the two are inter-linked. "One of the points of agreement must be the cessation of outside interference and it must include international guarantees, the return of around 4m refugees as well as the return to the Soviet Union of the Soviet troop contingent."

He said the US was the crux of the problem. It had spent $2bn to finance armed aggression against Afghanistan since 1978 and was planning to spend $600m in 1987, $130m more than 1986 even though negotiations were under way and the Afghan Government had declared a unilateral ceasefire.

Portugal's trade gap widens

By Diana Smith in Lisbon

PORTUGAL'S trade balance slid deeper into the red in the first two months of this year under the pressure of strong EEC imports.

The overall trade deficit was 62 per cent higher at the end of February than the January-February 1986 deficit when EEC membership had not yet made an impact on trade. It reached Es 94.2bn (£416m) against Es 58.1bn a year earlier.

Trade with the EEC strongly influenced the widening gap. Portugal's deficit with the Community was Es 31bn, five times higher than in January-February 1986. Imports from the EEC grew by 35.5 per cent to Es 157.4bn while exports to the Community grew by 15.1 per cent.

Coverage of imports from the EEC by Portuguese exports decreased from the record 1986 level of 94.6 per cent to 80.3 per cent as countries with which Portugal traditionally enjoyed a large surplus—the UK, Belgium, the Netherlands and France, increased their exports.

Portugal's largest EEC suppliers—West Germany, Spain and France—accounted for Es 89.9bn of purchases from the Community. West German sales to Portugal now exceed those of the US

● President Mario Soares has called a meeting next Wednesday of his Council of State, the advisory body of party leaders and prominent personalities that acts as a sounding board for the head of state. The meeting is expected to be Mr Soares's final exchange of views before announcing his solution for the political crisis caused by the small left-of-centre PRD party which brought down the 17-month-old Government with a censure motion on April 3.

There is strong pressure on Mr Soares from the ousted Social Democrat Government, from management confederations and the Socialist-linked UGT trade union to reject any form of parliamentary government or single-handed experiment by the PRD or the Socialists, and to call a general election for July.

Car production rises by 20% in W Germany

By Haig Simonian in Frankfurt

The West German motor industry produced 445,800 vehicles in March, according to figures from the Automobile Industry Federation.

Production of cars and estate cars rose by 20 per cent to 422,600 against 350,956 in March 1986, while lorries and other vehicles declined marginally to 23,200 compared with 23,450 in March yast year.

...However, the increase in passenger vehicle production amounts only to 4 per cent when adjusted for the greater number of working days in March 1987 against March 1986.

Similarly, the 7 per cent increase in passenger vehicle exports, which reached 228,300 against 212,951 in March 1986, is attributable to calendar differences.

Overall motor vehicle production in West Germany in the first quarter of this year was 1,247,834, 5 per cent above the total of 1,189,348 for January-March 1986.

While the production of passenger vehicles rose by 6 per cent to 1,180,952 goods and other vehicles declined sharply to 66,882 against 71,928 in the first quarter of last year.

French Parliament backs vote in New Caledonia

FRANCE'S National Assembly approved a bill yesterday for an independent referendum in New Caledonia, Reuter reports from Paris.

The bill, passed by 325 votes to 249 in the 577-seat assembly, was supported by the ruling coalition of Gaullist RPR and centre-right UDF parties, as well as the far-right National Front.

During a sometimes heated debate, the opposition Socialists called for the bill to be withdrawn, saying it would do nothing to ease tensions on the South Pacific island between French loyalists and separatists, mainly indigenous Melanesian Kanaks. The Communist party also opposed the bill.

President Francois Mitterrand is hostile to the plan and warned the Government against making a "major historical mistake" over the territory when the cabinet adopted the bill in February.

Before the Assembly debate opened last Friday, some UDF members also expressed reservations, saying a referendum would not solve any of the territory's problems.

The Overseas Territories Minister, Mr Bernard Pons, said on Friday, however, that the referendum was an essential step towards lasting peace in the island, which in past years has seen outbreaks of violence between pro- and anti-French factions.

He said voters would have the choice between two simple phrases: "I wish New Caledonia to remain part of the French Republic" and "I wish New Caledonia to attain independence." The referendum will be held at the end of August. The Government hopes it will result in a vote to continue France's 154-year-old rule.

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Travel chaos in Spain as unions strike over pay

BY DAVID WHITE IN MADRID

SPANISH TRADE unions yesterday stepped up their challenge to the Government's wage moderation policies with a public-sector transport strike that crippled the country's air, rail and ferry services.

An estimated half million foreign and Spanish holidaymakers had their travel plans disrupted by the strike, which was timed to cause the maximum inconvenience on the eve of the four-day Easter weekend.

The 24-hour stoppage, the second in a week, was backed by both of Spain's main union bodies and resulted in the cancellation of about 450 scheduled flights and delays to numerous tourist charters. Workers are protesting at the Socialist administration's recommendation to limit wage rises to its 5 per cent inflation target.

Hoteliers claimed that revenues lost as a result of cancellations could amount to Pta 40bn (£200m), with the Canary Islands particularly hard hit.

Government officials dismissed this figure but expressed concern about the damage that the recent wave of strikes, coinciding with protests at lay-offs in some heavy industrial sectors and with a doctors' dispute over the state of the public health service, may have on Spain's image as a tourist destination.

The Easter disruption comes after a record year last year, when Spain's income from tourism rose by almost half to $12bn. A threat of still further holiday chaos was allayed yesterday when Communist leaders in Malaga province failed in their bid to stage a strike by hotel staff on the Costa del Sol.

Minimum services yesterday enabled the railways and airlines to transport about 190,000 passengers, less than a third of the expected total. It was the fourth one-day strike by staff at the Iberia and Aviaco airlines in recent weeks.

Unions are pressing pay claims of 7 per cent or more for the 90,000 employees involved in the disputes, against an initial 5 per cent government guideline for the public sector.

Spy row fails to slow momentum of talks in Moscow

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, MOSCOW

THE THREE days of intensive talks which Mr George Shultz, the US Secretary of State, has had in Moscow have turned out to be much more positive than most Western observers believed possible at the beginning of the meeting last Monday.

Washington's anger at the alleged bugging of its Moscow embassy had cast a shadow over the talks, which some feared would undermine efforts to overcome the major obstacles which still stand in the way of an arms control agreement in Geneva.

Both sides, however, decided from the very beginning that the issues at stake were much too important to be affected by temporary quarrels about mutual accusations of spying. While it is true that substantial areas of disagreement remain in the arms control field over shorter range nuclear missiles in Europe, the reduction of strategic weapons and, above all, President Ronald Reagan's Strategic Defence Initiative, there can be little doubt that some progress has been made.

Shultz in Moscow yesterday visiting the new US embassy

Above all, the atmosphere in which the discussions took place was constructive and friendly, both at the meetings between Mr Shultz and Mr Mikhail Gorbachev which lasted more than four hours, and between the US Secretary of State and Mr Eduard Shevardnadze, his Soviet opposite number.

No one could be in any doubt at the end of the day that serious efforts are being made by the US and the Soviet Union to reach an agreement, whatever the difficulties.

While progress has not been sufficient to allow the two sides to fix a date for a summit in Washington, between President Reagan and Mr Gorbachev, the principle of such a meeting has at least been accepted by the Soviet leader. But Washington and Moscow are agreed that such a meeting still neds further preparation and will be held only if prospects for a successful outcome are much more certain

Both Mr Shultz and the Shevardnadze were optimistic about the possibility of reaching an agreement on the elimination of Intermediate range Nuclear Forces (INF) in Europe within the foreseeable future,

"Very considerable headway has been made and it should be possible to work out an agreement in this field with hard work annd creative efforts," Mr Shultz said

He confirmed that the formula worked out at the Reykjavik summit last October, under which each side would retain 100 medium range warheads in the Soviet Union and the US, while abolishing all weapons in this category in Europe was still acceptable to the US.

EUROPEAN MISSILE BALANCE

	Nato	Warsaw Pact
Medium-range missiles (1,000-5,000 km)	108 Pershing-2 208 Cruise	270 SS-20* 112 SS-4
Shorter-range missiles (500-1,000 km)	72 Pershing-1	375 SS-23 77 SS-12
Short-range missiles (less than 500 km)	163 Lance 44 Pluton	350 SS-21 214 Frog 143 Scud

* Triple warhead

Source: Nato & International Institute for Strategic Studies

What remains unresolved is the problem of shorter range INF weapons with a range of 500-1,000 km. Moscow wants those abolished but Nato wants to establish equal ceilings for the Western Alliance and the Warsaw Pact, in order to conserve some sort of nuclear deterrent in Europe.

Particularly significant in this respect was Mr Shultz's firm undertaking that nothing would be agreed by the US without taking into account the views of its allies. European members of Nato fear that the elimination of all nuclear weapons from Europe in both the medium and shorter range categories would leave them vulnerable to the Soviet Union's overwhelming superority in conventional forces.

Yet on this subject, too, progress towards narrowing the gap between the two sides was made, with Mr Gorbachev's latest offer to include an undertaking to limit shorter range weapons in any INF agreement "within a short and relatively clearly defined time frame."

If Mr Shultz was unable to report similar headway in the field of strategic weapons and President Reagan's project for a space-based defensive system, he at least confirmed that both sides still agreed on the idea of a 50 per cent reduction in strategic weapons to a level of 6,000 warheads and 1,600 launchers on each side.

However, new difficulties have been introduced into this problem with Washington's proposal to increase the period over which the reductions would take place from five to seven years and the reduction of the period of non-withdrawal from the 1972 anti-ballistic missile treaty (ABM) from 10 to seven years.

The ball is now back in the court of the Geneva arms negotiators and the Nato allies, who will be hearing Mr Shultz's report of his Moscow meetings in Brussels today. What is clear is that Mr Gorbachev's latest "concessions" will have heightened the dilemma facing the Alliance's European members, who have been cast by the Soviet leader in the role of blocking an agreement on medium-range missiles.

Italy on course for early general election in June

BY ALAN FRIEDMAN IN MILAN

THE ITALIAN President, Mr Francesco Cossiga, yesterday set the country on the course for an early general election when he asked Mr Amintore Fanfani, the veteran 79-year-old leader of the Senate, to form an "institutional government."

The appointment follows the failure of Mr Oscar Luigi Scalfaro, the outgoing Interior Minister, to put together a coalition. Mr Scalfaro gave up his effort on Tuesday evening.

The opening days of this week witnessed a frenetic series of meetings between political leaders of every complexion—Tuesday saw a record 28 meetings in all. At the root of the Rome crisis, however, has been a bitter clash between the Socialist Party of outgoing Prime Minister Bettino Craxi and the Christian Democrats, who caused Mr Craxi to step down last month in order to honour an informal agreement reached last summer.

The formation of an institutional government, which does not require a political agreement among the various parties, was last night being seen in Rome as a clear sign that an election will be called for June.

Mr Fanfani, as president of the Senate, is constitutionally second in command after the President of the Republic and is therefore meant to be above party politics. He is expected to put together a list of ministers and yesterday promised to present his government to Parliament "very soon."

The government would then be formally defeated in a vote of confidence, clearing the way for President Cossiga to dissolve Parliament and call an election for June, a full year before it is required constitutionally.

US and Turkey at odds over Congress move

By David Barchard in Ankara

TURKEY and the US are again at loggerheads a month after the signing of a letter intended to r esolve longstanding disputes between the two.

"We have decided not to bring the additional letter to the Council of Ministers for ratification pending the solution of our problems in the American Congress. Mr Vahit Halefoglu, Turkish Foreign Minister, said yesterday.

The Defence and Economic Co-operation Agreement is suspended. "This means the 1980 Treaty agreement is in force and the Additional Letter and its provisions are suspended until we see the outcome in Congress."

Turkey is objecting to US Congressional attempts to link supplies of arms and aid to the Cyprus situation and to tie military aid to a seven-ten ratio between Greece and Turkey.

Delors warns budget will run dry in six months

BY WILLIAM DAWKINS IN BRUSSELS

MR JACQUES DELORS, the president of the European Commission, has told the EEC's 12 heads of government that the Community's budget will run dry within six months unless they agree to a sweeping refinancing plan.

He has warned them in a personal letter that the EEC's budget deficit for 1987 is Ecu 5.08bn (£3.6bn) and that the Community's finances could grind to a halt by late October unles they agree to make substantial contributions to a new budget by July.

Mr Delors is proposing to make a one-off saving, estimated by Commision officials at between Ecu 3.5bn and Ecu 4bn, by reimbursing member states only after they have incurred farm spending, rather than in advance as under the present system.

This would have the effect of switching into the 1988 spending year some two to three months of farm spending. Ironically, it would cost most for the poorer member states which make the heaviest demands on the Common Agricultural Policy. The letter does suggest that the EEC might help by paying interest on extra borrowings that governments might have to shoulder to cope with the change-over,

Clearly, the amount that could be saved in this way would depend on when the system came into effect. The Commission estimates that it would not in any case come to less than Ecu 2.8bn, which would leave Ecu 2.3bn to be financed if the overall 1987 deficit is to be covered.

Mr Delors suggests that should come from an Ecu 1.7bn one-off contribution from member states, plus Ecu 630m from the limited fund raising scope left to the EEC within the 1.4 per cent VAT ceiling set last year. "It is now up to the member states to assume their political responsibilities and to take action to deal with this serious state of affairs, which will very shortly endanger the normal operation of the Community," says the letter.

Ireland to vote next month on Single European Act

BY HUGH CARNEGY IN DUBLIN

A REFERENDUM on the Single European Act forced on the Irish Government by the country's Supreme Court is to be held on May 26. The campaign will get under way in earnest next week when Parliament returns early from the Easter recess to debate the bill framing the appropriate amendment to the constitution.

The amendment will be supported by the main political parties but vigorously opposed by an influential lobby worried about the consequences of the Act for Ireland's economy and its unique position in the EEC of neutrality.

A referendum became necessary when the Supreme Court ruled last week that foreign policy aspects of the Act, which is intended to bring closer economic and political co-operation between EEC members, contravened the constitution.

The ruling in favour of an appeal by Mr Raymond Crotty, an anti-EEC economist, caused considerable official embarrassment in Dublin as implementation of the Act had already been held up for more than three months by Ireland

Mr Charles Haughey's Fianna Fail Government has opted for a straightforward approach in framing the question to be asked in the referendum. It will simply ask the electorate to approve or reject the insertion of a sentence in the article of the constitution dealing wih Ireland's membership of the Community stating that the state can ratify the Single Act.

This may cause dissent even among pro-EEC parties worried that such a narrow approach does not deal with the fundamental objection of the Supreme Court. This was that by shifting a significant element of foreign policy-making to Brussels, the Act broke the ultimate constitutional right of the people to determine all questions of national policy.

OVERSEAS NEWS

Japanese ruling party seeks budget shortcut

BY CARLA RAPOPORT IN TOKYO

JAPAN's ruling Liberal Democratic Party resorted to railroading the 1987 fiscal budget through the Lower House budget committee yesterday, a highly unusual move which underscored the intense pressure on Prime Minister Yasuhiro Nakasone and his cabinet.

The budget has been snarled up in Diet debates for weeks over Mr Nakasone's controversial sales tax proposal, facing unified opposition from Japan's opposition parties as well as growing dissent from within the LDP. Earlier this week, the ruling party suffered a significant setback in the nationwide local elections over the tax issue.

Increased demands from overseas and at home for stimulatory economic measures, however, appear to have prompted the LDP to strike a deal with party dissenters to postpone and/or amend the tax in return for their support in steamrolling the budget through the Diet.

This will allow Mr Nakasone to present the budget, and a Y5,000bn (£21.6bn) supplementary stimulatory package, to senior US officials when he visits Washington at the end of this month. Senior party members also indicated that the party included Mr Nakasone's own future as part of the deal, hinting that the premier would step down sometime after the Venice summit this June and before his current term is up in October.

Meanwhile, opposition party leaders blasted the LDP move yesterday, calling it an "atrocity" and "trampling on democracy." The four major opposition parties, which have formed an alliance against the LDP over the budget issue, said they plan to block a vote in the Lower House by creating a filibuster consisting of non-stop speeches by 110 speakers.

None the less, unless Mr Kanzaburo Hara, the House Speaker, agrees to rescind the lower house budget decision — which he is unlikely to do — the budget is expected to be passed by the full house, currently under solid LDP control.

Under the Japanese constitution, the budget will automatically take effect a month later, whether or not the Upper House acts on it.

Prime Minister Robert Mugabe (above) and Eddison Zvogbo, Minister of Justice: heading for a one-party state

JDF Jones reports on the last days of Zimbabwe's parliamentary legacy

Whites retreat to the good life

BLACK AFRICA enjoys celebrating its Independence anniversaries and Zimbabwe is no exception. But the festivities in Harare at the end of this week will have extra point because April 18 is the seventh anniversary of the independence that the black Rhodesians won in battle against Mr Ian Smith's illegal white régime—and after seven years Zimbabwe is constitutionally entitled to do away with the most irritating and "racist" of its colonial legacies, the 20 "entrenched" white seats in the 100-member parliament.

There is now no doubt that that abolition is going to be carried out by Mr Robert Mugabe's government in the near future. It is interesting that very few of the 80-100,000 white Zambabweans will give a damn.

The whites were allocated 20 parliamentary seats at the Lancaster House independence negotiations in 1979 against the wishes of the black nationalist parties, but with their reluctant agreement as a short-term compromise in order to win the consent of Mr Smith's Rhodesian Front. Those 20 seats, on a separate white electoral roll, represented an undeniable racial bias for a minority group whose numbers were already declining rapidly from the peak of 275,000—the 8m or so blacks on the common roll were allotted 80 seats and the Senate upper house was similarly divided.

Notwithstanding regular warnings from Mr Mugabe and his ministers that the white seats must go—and despite such provocations as the white electors' insistence on voting heavily for Mr Smith's renamed Conservative Alliance in the 1985 election—the Zimbabwe Government has stuck to the rules it agreed at Lancaster House and has lasted the seven-year course. It is now able to do away with the 20 entrenched seats provided it can secure 70 votes in the lower house, which it probably can despite the continuing division between Mr Mugabe's Zanu and Mr Joshua Nkomo's Zapu.

Dr Eddison Zvobgo, Minister of Justice, Legal and Parliamentary Affairs, recently clarified the situation. He said, very cleary, that the white seats—and the white electoral roll—would be abolished as soon as possible after April 18; he added that the 20 white MPs (and 10 senators) would thereupon vacate their seats at once. This is where the situation gets more complicated.

Clearly, abolition of the white seats *without an immediate general election on a newly enlarged common roll* implies a disenfranchisement of the white Zimbabweans, at least for the interval between now and the next general election. Dr Zvobgo, to no one's surprise said that there will not be another election so soon after the last one in 1985 (there are technical and financial reasons to justify this). The Minister agreed that the *methodology* for replacing the white representation is the issue, and admits that the government has not yet decided what to do.

But his clear hint is that, in the interval between now and the next (1990) general election (when there will have been time to add the whites to the common roll and its constituencies), the 20 white places in parliament will be filled by nominated MPs who will be appointed by today's full complement of 100 MPs sitting as an electoral college on the eve of the disappearance of the 20 white seats. Presumably the 20 replacements will in some sense be representative of Zimbabwean interest groups; presumably they will include some whites.

But the list of nominees must presumably be drawn up, or at least controlled, by the Government. Hence the only real reason for concern in some circles in Harare is that the new nominated members might turn out to be Yes men — in contrast with the present unregenerate incumbents on the Conservative Alliance bench who have been more than happy to raise questions about scandals and anything likely to embarrass the Government. (Mr Smith himself was suspended from parliament for a year earlier this month, so that his career has in effect been ended.)

Dr Zvobko is already arguing that this idea of nominated members would avoid even a temporary disenfranchisement of the whites, whose continued presence in the country is manifestly desired by Mr Mugabe's Government. The argument is not entirely convincing; on the other hand, the great majority of whites do not care. When they decided to stay on in Zimbabwe they mostly accepted that they had no political role to play, so they have retreated into the private sector and what is still a comparatively good life.

Indeed, there are arguably more important constitutional changes still to be settled, let alone announced. Dr Zvobgo has also made it clear that the Government accepts in principle that Zimbabwe is to have a unicameral system (i.e. the Senate is to be abolished)

But, said Dr Zvobgo, there is still a lot of work to be done so these changes will have to wait until after the next general election. By that time the interminable unity talks between Zanu and Zapu will surely have ended with endorsement of an embodiment of that other widely established Black African constitutional structure, the Single Party.

Kaunda threatens to arrest strikers

By Victor Mallet in Lusaka

ZAMBIAN President Kenneth Kaunda, whose government faces a serious economic crisis, yesterday threatened to arrest essential workers who went on strike and said he would dissolve the Zambian Congress of Trade Unions (ZCTU) if stoppages continued.

Dr Kaunda also accused rich Zambian businessmen of collaborating with South Africa in an attempt to overthrow the Government with the help of the Zambian military. Loyal officers, however, had reported the plot.

The businessmen had been tempted by recent discoveries of oil in Eastern province, he told a meeting of diplomats and journalists.

Teachers, doctors, nurses, postal workers and aircraft engineers are among those who have struck this year to demand higher pay, and government officials have singled out the labour movement for severe criticism, although unions have not been prominent in recent disputes.

Dr Kaunda ordered all strikers back to work by midnight last night, saying that those in essential services would be arrested and others fired if they did not return to their jobs.

Ghana credits

World Bank officials, praising the 'dramatic improvement" in the Ghanaian economy, yesterday granted the African nation three concessional credits totalling $125.8m for structural adjustment efforts, Nancy Dunne, reports from Washington.

Sarawak votes

Voting began yesterday in the East Malaysian state of Sarawak where an election prompted by a family feud is being held to choose a new government, Reuter reports from Kuala Lumper. The election was called by Datuk Patinggi Taib Mahmud, the Chief Minister, after a showdown with his main rival, uncle and predecessor Tun Abdul Rahman Yakub.

Indian parliament in uproar over corruption charges

MR RAJIV GANDHI, India's Prime Minister, sat impassively yesterday as his Government was denounced as "steeped in corruption" during parliamentary discussion of an alleged $237m arms-deal payoff, Reuter reports from New Delhi.

Members of the lower house shouted and exchanged catcalls during an unruly session in which opposition members sought to discuss the resignation on Sunday of Mr Vishwanath Pratap Singh as Defence Minister who had ordered a probe of the payment, reported by leading newspapers to have been made in 1981.

Mr Singh's resignation has shaken the credibility of the Government and tarnished Mr Gandhi's image as the "Mr Clean" of Indian politics.

Mr Arun Singh a close aide of Mr Gandhi said the prime minister on assuming office in 1984 had barred payment on commissions to non-government agents of foreign suppliers.

He said the former defence minister had asked the Finance Ministry to investigate possible tax and foreign-exchange violations in a "commission" apparently paid to an Indian living abroad and acting as an agent of an unnamed foreign defence contractor.

He said information on the payment had been furnished by an Indian diplomatic mission early this year. In a veiled criticism of the former Defence Minister, he pointedly noted the minister had announced the probe to the press despite a government policy of keeping such inquiries confidential.

South African police ride trains as strike spreads

BY ANTHONY ROBINSON IN JOHANNESBURG

ARMED POLICE are riding commuter trains into the black Johannesburg township of Soweto and guarding stations to prevent further incidents of stone throwing and arson.

Some 14 railway coaches have been destroyed by fire over the past few days and train services have been disrupted as a month-long dispute between black railway workers and the state-owned South African Transport Services (Sats) has developed into a major labour confrontation.

The dispute originated over the dismissal of a black worker at City Deep, the main Johannesburg container terminal and has spread to involve 22,000 black transport workers and several thousand postal workers. It has brought to the surface long-festering black grievances over Sats' alleged autocratic management style and racial discrimination. Sats, which controls South African Airways as well as the railways and harbours, employs over 100,000 whites and 19,000 blacks and has long been seen as a prime source of sheltered employment for less qualified whites.

Normal union activity at Sats is restricted because it is considered a strategic industry. But the in-house Black Trade Union of Transport Services (Blatu) is widely seen as a sweetheart union and the strike has developed into a struggle to obtain recognition for the South African Railways and Harbour Workers Union (Sarhwu), affiliated to the left-wing Cosatu federation.

Senegal police suspended

President Abdou Diouf suspended Senegal's civil police force, ordering them to turn in all firearms and not to wear their uniforms, Reuter reports from Dakar.

The policemen have been on strike for two days and have clashed with non-striking gendarmes, a paramilitary force. Mr Diouf's decree also sacked his Interior Minister, Mr Ibrahima Wone.

The decree ordered policemen to turn in their weapons at their stations, refrain from wearing their uniforms and stay home

Senegalese policemen have been on strike for two days over working conditions and in protest at the sentencing of seven of their colleagues to two-year jail terms for beating a robbery suspect to death.

Israelis step up arrests of leading Palestinians

BY ANDREW WHITLEY IN JERUSALEM

A NEW round-up of Palestinian activists in the Israeli occupied territories was expected last night, as part of a crackdown now underway against known or suspected PLO members.

Seizing an opportunity presented by the angry tide of Israeli public opinion over the weekend death of a pregnant Jewish settler, the security forces are moving against a list of 115 Palestinians they have long wanted to detain.

Heading the list is Mr Faisel Husseini, a prominent Jerusalem-based nationalist, accused of being the principal link between the PLO abroad and its local cells. Security officials say he was the mastermind of the recent wave of commercial strikes and other forms of protests.

In Sunday's overnight swoop on homes in Jerusalem and the West Bank cities of Nablus, Ramallah and Hebron, about 80 arrests are now known to have been made, including that of Mr Husseini. The remainder are likely to be picked up imminently. Yesterday in a farewell meeting with local journalists, Lt. Gen Moshe Levy the outgoing Chief of Staff, spoke out strongly in favour of the controversial practice of deporting Palestinian figures. He said it had proved a very effective punishment which he wished would be used more often.

AMERICAN NEWS

Sarney cancels foreign visit as problems mount

BY IVO DAWNAY IN BRASILIA

MOUNTING political and economic problems have forced President Jose Sarney of Brazil to cancel indefinitely a 10-day official visit to Angola, India and China, scheduled for next month.

The decision came as officials prepared yesterday to release figures showing price rises in March of 14.3 per cent—higher than the Finance Ministry had expected.

But despite growing calls for moves to reduce inflation and interest rates—currently above 500 per cent a year—Mr Sarney is biding his time and refusing to be drawn on the future of Mr Dilson Funaro, the Finance Minister.

Last week Mr Funaro came under public attack from the country's three most powerful state governors.

Despite widespread demands for Mr Funaro's resignation, some observers believe Mr Sarney will stand by the minister when other cabinet changes are announced shortly. Others argue that the combined criticism of both the private sector and governors of states—Sao Paulo, Rio and Minas Gerais—producing about 80 per cent of Brazil's gross domestic product — makes his departure inevitable.

Critics of the minister point out that despite his insistence on growth policies, the country is clearly entering a deep recession. Figures released by the highly-respected union statistics body, Diesse, estimate that 57 per cent of Brazil's 22m workforce have lost 40 per cent of their real earnings since February 1986.

It is widely believed that the Government is preparing some economic measures, possibly including steps to re-index the economy to central bank treasury bills. But analysts also think the administration wishes first to allow free floating retail prices to find their equilibrium lost under last year's price freeze.

Newly elected governors in several states have also begun redundancy programmes for thousands of under-employed civil servants.

The wave of price increases is continuing. Yesterday, the cost of petrol and alcohol fuels was lifted for the third time in 12 months by 34 per cent, giving a rise over the year approaching 200 per cent. But Petrobras, the state oil company, argues that the increase is not sufficient to meet its increased costs.

Difficulties also continue for President Sarney on the political front. A rebellion by the ruling Democratic Ruling Party in Congress last month has weakened his influence on the party.

In a crucial vote for the leadership of the PMDB in the constitutional assembly, which is drawing up a new constitution, congressmen rejected the President's candidate. They elected Mr Mario Covas, a Sao Paulo senator, who wishes to end the party's alliance with the right-wing Liberal Front.

Manley may leave politics

BY CANUTE JAMES IN KINGSTON

MR Michael Manley leader of Jamaica's social democrat opposition the Peoples' National Party, and a former Prime Minister, will be out of active politics for the next three and a half months and could leave politics altogether if advised to do so by his doctors.

Mr Manley is recovering from surgery — the second operation in two years — for an ailment of the colon.

Mr Manley became ill after planning a series of demonstrations and marches aimed at forcing Mr Edward Seaga, the Prime Minister, to call an early general election. The Government's term expires in December next year and Mr Seaga has repeatedly rejected Mr Manley's proposals for an early vote.

Mr Percival Patterson, chairman of PNP and heir apparent to Mr Manley has temporarily taken over duties as president of the party.

US output down 0.3% last month

By Nancy Dunne
By Nancy Dunne in Washington

THE US Federal Reserve yesterday estimated that production in US factories, mines and utilities fell 0.3 per cent in March, giving another sign of fragility in the American economy.

The central bank also revised, for the second time, the industrial growth report for January, dropping its original estimate of 0.4 per cent growth to a decline of 0.1 per cent. The 0.5 per cent estimated growth for February was left unchanged in yesterday's report.

A slowdown on US auto assembly lines and a fall-off in production of consumer goods were among the immediate causes of the decline, but many economists say that more basic weaknesses in the economy the trade deficit and debt are at the root of the stagnancy.

The weaknesses were borne out by the commerce department's advance monthly retail figures realised yesterday, which were virtually unchanged from February. Revised February data showed an increase of 4.9 per cent from January, but total sales for the first quarter fell 1 per cent from the previous three months.

"We are seeing a decline in consumer demand for both US goods and imports," said Mr Lawrence Chimerine, president of Chase Economics, a private forecasting company. High consumer debt, weak US competitiveness, stagnant personal incomes, growing inflation and high real interest rates were taking their toll, he said.

The March industrial production decline was widespread. Output of US durables fell 1 .1 per cent. Business equipment output dropped 0.4 per cent.

Ms Jean Meyer, an economist with Wharton Econometrics, said some US industries, such as chemicals and paper, have benefitted from the weaker dollar, but, overall, the first quarter, was much weaker than we expected."

Canadian miners die

A PILE of ore slid nearly 1,000 ft down a mine shaft in northern Ontario, Canada, killing four workers who were crushed when a barrier collapsed under the avalanche's weight, AP reports from Ontario.

Robert Graham reports on diplomatic moves winning credibility in Central America

Arias peace plan gains political ground

FROM an unpromising start the Central American peace plan put forward in February by President Oscar Arias of Costa Rica has begun to gain credibility.

Nicaragua has dropped its initial hostility and, after a series of postponements, the leaders of the five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) will meet at the end of June in the Guatemalan city of Esculpulas to discuss the proposals. Meanwhile the US Senate, in a surprise show of unanimity, has voted 97-1 in favour of the Reagan Adiminstration endorsing the *Arias Plan.*

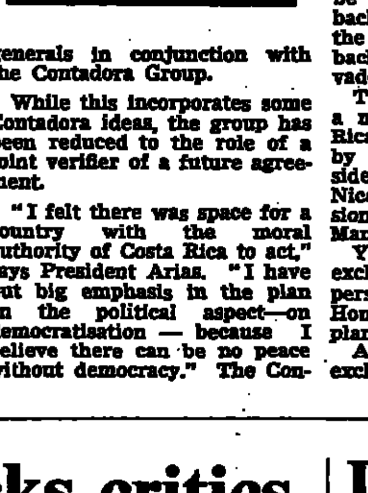
"Right now the Arias Plan is the only diplomatic game in town," commented one of the region's senior diplomats. The Costa Rican President's proposals completely overshadow the diplomatic efforts of the four-nation Contadora Group (Colombia, Mexico, Panama and Venezuela) which since January 1983 has been trying to hammer out a peace plan for Central America.

President Arias is fully aware that he cannot afford to alienate the Contadora Group, which is backed by the major nations of Latin America. "I hope people have realised that the plan is not against any particular country: the only aim is to obtain peace for Central America," he says.

This week the Contadora Group, meeting in Buenos Aires, gave the plan qualified approval, anxious not to sabotage it but keen not to be excluded from the peace process should it succeed.

The plan envisages the following:

- General amnesty within 60 days of all five states signing the document, in those countries where armed conflict exists, and creation of national commissions for reconciliation.
- Dialogue established with all internal opposition groups where armed conflict exists.
- Ceasefire declared simultaneously, with the dialogue.
- Democratisation introduced within six months, free of external influence, with special emphasis on liberty in the media within 60 days.
- Elections to a new Central American parliament in 1988, preceeded by free domestic elections.
- Suspension of overt/covert foreign military aid to insurgent forces and the prevention of territory being used to destabilise another state.
- Reduction in armaments and force levels to be negotiated within 60 days of signature of the document.
- Follow-up and verification to be carried out by the United Nations and the Organisation of American States secretary-generals in conjunction with the Contadora Group.



While this incorporates some Contadora ideas, the group has been reduced to the role of a joint verifier of a future agreement.

"I felt there was space for a country with the moral authority of Costa Rica to act," says President Arias. "I have put big emphasis in the plan on the political aspect—on democratisation — because I believe there can be no peace without democracy." The Contadora group peace proposals, on the other hand, put most emphasis on guaranteeing the internal security of the Central American countries,

The key to the Arias plan is the concept of symmetry. The obligations are not exclusive to Nicaragua. While the Sandinista Government would be obliged to amnesty its opponents and permit greater pluralism, the governments of El Salvador and Guatemala would be obliged to do the same,

Symmetry further means Cuban and Soviet aid to Nicaragua would be reduced by the same measure that the US cut back its military support for its allies, and that external support for guerrilla movements would be dropped—whether the US-backed anti-Sandinista rebels, the Contras, or the Cuban-backed FDR/FMLN in El Salvador.

The plan was formalised at a meeting in San Jose, Costa Rica, on February 15 attended by the Central American presidents with the exception of Nicaragua. Nicaragua's exclusion led to loud protests from Manegua

Yet Nicaragua's initial exclusion was instrumental in persuading El Salvador and Honduras to go along with the plan despite serious misgivings.

Although piqued by their exclusion, the Nicaraguan Government is taking President Arias' initiative seriously. This is largely because President Arias has been able to demonstrate his distance from President Reagan's Central American policy. Even before taking office last June the 45 year old graduate of the London School of Economics had voiced his scepticism about the policy of backing the Contras.

Since then he has made it plain he will not tolerate Costa Rica being used as a base for a Contra southern front. (This refusal has borne out the evidence in the recent Tower Commission report).

His stance has led to strains in relations with Washington, and the two Governments are at loggerheads over the nomination of a new US ambasssador to Costa Rica. The Reagan Administration is cool towards the Arias Plan: Endorsement would mean an end to the Contras and the dropping of the "twin-track" option—supporting military pressure to weaken or overthrow the Sandinistas while espousing negotiations for a diplomatic solution.

Without formal US backing the Arias Plan stands little chance of success. But the Reagan Administration is unlikely to make any concrete move until it sees how Congress stands on a request for fresh Contra funds to be debated in September.

Grenada leader attacks critics

BY CANUTE JAMES IN KINGSTON

MR HERBERT BLAIZE, the Prime Minister of Grenada, has accused three former ministers who resigned this week of "emotionalism and political posturing" over his policy to fire just under 2,000 government workers.

The Prime Minister did not indicate, however, his political plans in the wake of the decisions of Mr Francis Alexis and Mr George Brizan, leaders of two of the three parties which make up the ruling coalition, to resign.

They were later joined by Mr Tilman Thomas the junior minister for legal affairs.

The resignations followed a demand from Mr Blaize for an apology after Mr Alexis and Mr Brizan had publicly criticised the planned sackings.

The government has been split by a feud between the two ministers and the Prime Minister over the past year.

The coalition, the New National Party, made up of three parties led by Mr Blaize, Mr Alexis and Mr Brizan, was put together by several neighbouring Caribbean leaders, with US backing, to contest a general election in December 1984.

The election was held 15 months after the US invaded the island and toppled a week-old military government, which had taken power after murdering Mr Maurice Bishop the then Prime Minister.

Mr Alexis and Mr Brizan said they had started work towards the formation of a new political party to confront Mr Blaize, and to offer the Eastern Caribbean island of 100,000 people "a solid political alternative." The Government has a majority of nine seats to six in parliament.

"It is now a rather unpopular government but it is for them to decide how long they will go on," Mr Alexis said.

Clearly expecting further defections, Mr Brizan said the administration was now "like a shepherd without a flock."

Diplomats in St. George's the island's capital said they expected neighbouring governments and the US to urge Mr Blaize to stay on.

They added, however, that further defections from the Government were likely in the next few weeks and that this would strengthen the new opposition being created by the former ministers.

Duvalier bank accounts in New York frozen

A NEW YORK State judge has frozen two New York bank accounts belonging to Mr Jean-Claude Duvalier, the former Haitian president and his wife, citing a Federal ruling against former Philippine president Mr Ferdinand Marcos, AP reports.

The ruling strips the Duvaliers of their claim that US courts have no jurisdiction over their personal fortune because Mr Duvalier was a head of state when the accounts were established in the early 1980s.

The Duvaliers fled Haiti into exile last year and are living in France.

The decision, in the form of a temporary injunction, was issued by Justice Louis Grossman in State Supreme Court in Manhattan.

He referred to a ruling last year by Judge Pierre N. Leval in Federal District Court in Manhattan in a case brought by the Philippine Government against Mr Marcos.

Lawyers for the Haitian Government, which contends that $300m was transferred out of Haiti's central bank by the Duvaliers between 1980 and 1986, said the ruling cleared the way for a civil trial

Central to his decision, Judge Grossman said, was that Mr Duvalier had not refuted allegations that he and his wife, Mrs Michele Bennett Duvalier, appropriated public money for private purposes.

President Ronald Reagan signed an order last month freezing the Duvaliers' assets in the US, but Judge Grossman said that documents had not yet been completed that would bring the New York accounts under the jurisdiction of that order.

Brussels begins Japan computer printer inquiry

BY WILLIAM DAWKINS IN BRUSSELS

A NEW note of tension entered the trade dispute between the EEC and Tokyo yesterday when the European Commission announced an anti-dumping inquiry into imported Japanese computer printers.

It comes in response to a complaint by Europrint, a producers' group led by Olivetti of Italy and Triumph Adler of West Germany, that around $1bn (£714m) worth of Japanese dot matrix and daisy wheel printers are being dumped annually in the Community.

The investigation is one of the biggest actions of its kind by the EEC and concerns 35 Japanese exporters. They include companies which are already paying anti-dumping duties on photocopier sales to the EEC.

The inquiry was announced as the Japanese agreed in Geneva to the creation of a Gatt dispute panel to examine an EEC complaint over the US-Japanese semiconductor accord. The Community alleged that the pact violated Gatt rules.

The move also coincides with a critical speech yesterday by Mr Jos Loeff, the Commission's deputy director-general for external trade relations. Speaking in Osaka, he said that Japan's $18m trade surplus with the EEC was "politically unacceptable" and warned that the Community's "patience is shrinking."

"It sometimes seems that certain Japanese circles are almost challenging the world to retaliate and to adopt the shock tactics to which we know Japan does respond in the end," Mr Loeff added.

The Europrint complaint alleges that Japanese daisy wheels are being sold in the EEC at up to 50 per cent less than European equivalent prices, while dot matrix printers are being imported at a 40 per cent discount.

As a result, European producers' prices have fallen below the level needed "to fund the research and development required to keep abreast of technological advances," the group claims.

Between 1983 and 1986, Japanese shipments of dot matrix printers to the EEC climbed from an estimated 250,000 units to 1.5m, representing a leap in market share from 52 per cent to 74 per cent, it says.

Daisy wheel printers from Japan rose less steeply from 140,000 units to 195,000 units over the same period, a rise in market share from 70 per cent to 74 per cent, the complaint states.

Europrint estimates that European manufacturers' share of the dot matrix printer market slipped from 35 per cent to 11 per cent in the three years to 1986, while makers of daisy wheel printers saw their market share decline from 12 per cent to 7.5 per cent over the same period.

C & W fails to advance Japanese telecom bid

BY CARLA RAPOPORT IN TOKYO

CABLE and Wireless' bid to break into the Japanese telecom market advanced no further yesterday, despite the first face-to-face meetings with its rival in seeking a licence to operate an international telecommunications company in Japan.

The two rival telecom consortia, one all-Japanese and the other including Cable and Wireless and Pacific Telesis of the US, have been asked to merge by the government, which does not believe Japan has enough international telecom business to support two new companies in addition to Japan's current monopoly provider, KDD.

Cable and Wireless believes it is now up to the Japanese Government to resolve the dispute since private efforts in Tokyo appear to have got as far as they can.

Both consortia said after yesterday's meetings that the discussions had been frank and informative but that no major issues, including the date of the next meeting, had been decided. Even so, Cable and Wireless officials last night remained sanguine.

"I notice flexibility growing in those areas where it had been hardened—areas, such as the Ministry for Posts and Telecommunications, the Japanese Government, and within the private sector," said Mr Jonathan Solomon, director of corporate strategy for C and W.

C and W's quest is currently at the heart of a bitter trade row between the UK and Japan, representing the growing sense of frustration felt in the UK over the country's large trade imbalance with Japan.

"Things are becoming more realistic," Mr Solomon said about yesterday's talks.

Meanwhile, Mr Alfred Sikes, US Assistant Secretary of Commerce for Communications, said in Tokyo that Washington wants to discuss US participation in Japan's international telecom market in the existing framework of bilateral sectoral trade talks.

Lucy Kellaway reports on an early British bid for a share of orders from Caspian Sea developments

UK mounts offensive on Soviet offshore oil market

"IT IS very difficult to start doing business with us. But once you have started it is even harder to stop," a Soviet official recently told a trade conference in Edinburgh.

With this thought in mind the UK oil industry is making an early bid for a share of the emerging Soviet offshore supplies market. Next month a party of 25 UK companies led by the Scottish Development Agency is going to Moscow to show their wares at a four-day exhibition at the World Trade Centre. The visit will coincide with a working party of British and Soviet officials meeting in Moscow to discuss the areas of UK offshore technology that could be most useful to the Soviets.

These efforts follow more than a year of UK initiatives to secure a position in what is expected to become the biggest international market for offshore oil services. Mr Peter Walker, Energy Secretary, has made it something of a personal crusade to help the UK industry succeed in the USSR, visiting top Soviet energy officials in Moscow and shepherding a return party round the UK.

Few of the exhibiting companies expect any orders to result directly from next month's visit. Nevertheless, they are anxious to start climbing the sales ladder, at the top of which they see large and lucrative orders to be placed over the next two to three years.

Although by far the largest oil producer in the world, the USSR has until recently developed most of its oil equipment internally. Almost all its oil fields are onshore and its small amount of offshore production is in the warm, shallow waters of the Caspian Sea, where oil has generally been produced using extensions of homemade onshore equipment.

All that is about to change. Onshore production has been falling over the past two years, much to the concern of the Government. Now a 40 per cent increase in exploration has been written into the latest five-year plan, much of which is likely to take place offshore.

However, most of the offshore areas which the Soviets propose to drill demand far more technical expertise of offshore work than the country possesses. Consequently it is eager to learn about how to develop oil in the deeper waters of the Caspian Sea and, above all, how to proceed in the biggest unexplored oil province in the world — the Arctic Continental shelf.

British companies hope to be employed in both these areas, drawing on their experience of the deep and harsh conditions of the North Sea. Earlier this year the two countries drew up a protocol spelling out the Soviets' priority needs, which include subsea systems and floating production systems, two areas in which UK offshore industry excels.

The companies involved range from the huge UK engineering groups like Trafalgar House to the UK subsidiaries of large foreign companies Brown and Root, but also include a handful of the UK's small, specialised offshore successes. Osprey, which makes specialised underwater cameras, and Ramoo, which makes fireproof coatings for oil platforms, will be among the small companies exhibiting in Moscow.

The long term view of the Soviet offshore market being taken by the British companies makes a welcome change from their previous insular behaviour. For as long as the North Sea was providing enough work, few efforts were made to tap overseas markets. Thus some of the bigger markets—Brazil for example—were more or less ignored by UK companies and it was not until the home market collapsed that they started fighting for a share of a market in which other foreign companies now predominate.

This time the UK is being at least as keen, probably more so, as its competitors. While both France and Norway have already mounted exhibitions of their equipment in Moscow, the attention given by senior British politicians—not to mention the general goodwill created by Mrs Margaret Thatcher's recent visit—could make a crucial difference when the time comes to hand out the orders.

Meanwhile the US, king pin of the world oil supply industry, is starting out with a disadvantage. For the past eight years an embargo imposed by President Jimmy Carter has prevented the sale of oil equipment to the Soviet Union. The ban was lifted a few months ago—prompted in part by the dire condition of the US domestic market—but US companies have not had time to begin a new courtship with their potential Soviet customers.

No doubt they will start to do so soon, as the USSR offers an irresistible opportunity. While the rest of the world is cutting back on oil investment in response to the fall in oil prices, the proposed increase in activity in the Soviet Union makes it a tempting market indeed.

Syrian oil field order goes to US

By Our Middle East Staff

BROWN AND ROOT, the US engineering company, has won a $70m (£50m) contract aimed at increasing Syria's oil production by another 40,000-60,000 barrels a day.

It involves production facilities and a pipeline facility required to develop two fields discovered by the Al Furat Petroleum Company, a 50:50 venture between the Syrian Petroleum Company and Deminex, Royal Dutch/Shell and Shell US.

A 70-kilometre pipeline to be constructed by Brown and Root will connect the recently-discovered deposit with the Tayyim field which is already being exploited and producing 60,000 b/d of light, sulfur crude.

Mannesmann and Mitsubishi Heavy Industries, in conjunction with Technoexport of Czechoslovakia, were the main competitors for the contract.

Development of the deposits of light crude is of critical importance to Syria's economy. Apart from Al Furat's operations, Syria had an output of about 160,000 b/d of heavy crude last year

Yugoslav order for Italian-Soviet group

AN Italian-Soviet consortium led by Italimpianti, the Italian state - controlled engineering company, has received a contract valued at L130bn (£66m) for a steel pipe factory in Yugoslavia, AP-DJ reports from Rome.

Italimpianti is responsible for 60 per cent of the contract's value while Tjazmash, a steel company controlled by the Soviet Ministry for the Steel Industry, has received the rest.

Washington-Seoul talks to cover wide range of issues

BY MAGGIE FORD IN SEOUL

TALKS in Seoul at the weekend between Mr Malcolm Baldrige, US Commerce Secretary, and Mr Rha Woong Bae, South Korean Trade Minister, will cover a broad range of trade issues between the two countries, a US official said yesterday.

Mr Baldrige's visit, which comes amid mounting US anger over its trade deficits with Asian countries and growing anxiety in South Korea over protectionism, is due to last three days.

US officials admit that the South Koreans have recently made efforts to redress their $7bn (£5bn) trade surplus with the US last year.

China and the US will demand better access to each other's markets when Mr Baldrige visits Peking next week, Reuter reports from Peking. Mr Baldrige is due to arrive in China on Tuesday to co-chair the fifth session of a joint commission on commerce and trade that will review trade relations between the two countries. The US had no trade with China until 1972, but it has since grown into Peking's third largest trading partner, after Hong Kong and Japan. US companies range second to Hong Kong in foreign investment in China.

A buying mission which spent $2bn on US goods earlier this year had made a serious effort to find new sources of supply, they said.

Although the officials say the South Korean attitude is better than Japan's, they maintain there is still room for improvement, especially in opening the market to high technology, services and agriculture, all of which are likely to feature on the agenda of the talks.

Concern about the service sector focuses on insurance and advertising. One insurance company has received a licence to operate in South Korea, and US officials will be urging the South Koreans to allow more to do so.

Little progress has so far been made in allowing foreign advertising companies to set up in Seoul.

On agriculture, the US may have more success than it previously hoped for. South Korea recently switched corn purchases of 2.4m tons away from Argentina and China to the US — a gesture that has been welcomed by the Americans.

Beef, oranges and wine are the agricultural products the Americans claim can be competitively exported to South Korea.

Ministry of Trade officials have been reported as saying that they expect the US to demand self-regulation by South Korea of semiconductor exports to the US, but the reports have not been confirmed.

Semiconductor exports from South Korea to the US are believed to have been worth $780m. Washington is to impose sanctions on Japan for violating a pact on semiconductor exports agreed last year.

TECHNOLOGY: Computing

BY ALAN CANE

Can Robert Metcalfe (right) repeat his trick of manufacturing the future? He believes so, and says this is the year of workgroup systems. In the electronic office these networks will pull together clusters of workers with a common business aim.

Desk terminals group for attack

THIS, according to 3Com, a Santa Clara, California, data communications specialist, is the year of "workgroup systems."

Which could be taken as typical vendor hyperbole were it not for the fact that Dr Robert Metcalfe is 3Com's founder, chairman and senior vice-president for technology.

Dr Metcalfe is best known as the principal inventor of Ethernet, the first and still the most important variation on the local area nework theme.

Now a mere 42 years old, he developed the Ethernet concept —basically a fast, reliable and economical method of moving information between personal computers—while a researcher at Xerox's Palo Alto Research Center (Xerox PARC) in the early 1970s.

Xerox PARC during Dr Metcalfe's time there was a hot-bed of ideas about the best way to use electronics to automate business. The "electronic office," as the term is understood today, came out of the seminal thinking at the PARC.

Screen icons (small pictures indicating functions) the "mouse" as a desk-top screen pointer and screen windows, each showing a separate application, were all developed at Xerox and first saw the light of day as the Xerox "Star" workstation.

More recently, Apple imported Xerox ideas wholesale to create its "Macintosh" range of easy to use workstations.

So Dr Metcalfe's ideas on future developments in the electronic office area are not to be dismissed lightly. But what are these "workgroup systems?"

Dr Metcalfe argues that they fill the gap between corporate and departmental computing, where anything between 200 and 20,000 users may be connected to the system, and personal computing, characterised by one stand-alone machine for each person.

As personal computers were first installed in large numbers, their users discovered a major drawback. Rather like telephone handsets, they were at their best when connected together in networks so their users could communicate, share data and resources, like printers.

A workgroup, in fact, is a cluster of individual workers who share a supervisor and have a common business aim.

Dr Metcalfe established 3Com in 1979 to provide the means to connect personal computer together in networks (hardware and software designed to allow the members of a workgroup to share their computing power). According to Dr Metcalfe, 3Com alone is now adapting more than 20,000 personal computers for use in workgroup systems.

He says the company exploits the inherent adaptability of personal computers to make them into what he describes as "netstations" — devices that communicate as well as conventional terminals, and compute as well as personal computers.

Now 3Com has developed its own proprietary netstation. Compatible with IBM's personal computer ranges, it is based around the Intel 80/286 microprocessor chip which IBM uses in the fastest of its old range and the Model 50 and 60 in the new Personal System/2 family.

3Com claims its new device offers greater ease of use, more system reliability and better performance than workstations which are basically personal computers adapted for use on a network.

The computer itself, stripped of keyboard and videomonitor, is certainly very small. The desk footprint is 14 inches by 14 inches and the height is only three inches.

On the single printed circuit board inside the box is incorporated the 80/286 chip, four graphics adapters and one million bytes (characters) of fast memory which can be upgraded by a dealer to four megabytes (4m bytes) using megabit chips.

There is no floppy disk and no slots for add-on cards. The most up-to-date semiconductor technology means that the machine dissipates only 25 watts of power and there is no need for a cooling fan.

When integrated with 3Com network servers (networked hard-disk memory), the company claims cost savings of 30 to 50 per cent compared with the cost of adapting personal computers for networking. In the UK the netstation costs £1,795; the customer has to find his or her own IBM PC/AT compatible keyboard and screen.

So what other advantages do netstations have over conventional adapted PCs? Without floppy disks, security is claimed to be improved. They are said to be more reliable and more manageable, faster and quieter than their PC equivalents.

So is Dr Metcalfe in the process of repeating his trick of manufacturing the future? Figures from International Data Corporation suggest he is on the right track. By 1991, it says the number of workstations connected together in groups will exceed 7m, compared with less than 1m last year.

Networked workstations should experience growth of 40 per cent a year for the next five years, it predicts.

Apollo Computer, which has a high-performance workstation in direct competition with 3Com's netstations, this week announced that its machines can now run directly on Ethernet.

Apollo claims it is now the only workstation vendor offering a choice of either Ethernet, for industry standard applications, or its own proprietary token ring for high-performance applications.

Mighty laser memories get into the City groove

THE FIRST products exploiting the massive storage capacity of CD-ROM (compact disc — read only memory) are starting to appear on the market.

Last week, Mr Stephen Cucchiaro, president of Datext Inc. of Woburn, Massachusetts, was in London to tell leading financial services companies about his company's range of CD-ROM databases.

Datext claims to have been the first company in the world to have supplied financial information in this new and powerful format.

And in the same week, the UK subsidiary of Lotus Development Corporation, the world's largest independent software house, announced it was ready to sell its own CD-ROM-based financial database products.

CD-ROM couples microcomputer processing power with the storage capacity of laser discs. The technology is similar to that used in audio compact discs. A laser is used to burn a digital pattern on the metallic surface of the disc. A second laser is used to read the pattern and turn it into signals which can be manipulated and displayed by a personal computer.

A single CD-ROM from Datext, for example, can store full and detailed information on 4,000 separate publicly quoted companies with plenty of room to spare.

The company's latest product "CD/International," due to be launched commercially on June 1 this year, does just that.

Financial and corporate data derived from the Worldscope database of Wright Investors Service, is written on to the disc. It takes only a matter of seconds using a simple menu to determine for example that, as of April 1, there are nine public companies outside the US with revenues between $5bn and $50bn and growing at 20 per cent or more a year.

It takes even less time to ascertain that in order of revenues they are Daimler-Benz, Toshiba, Nippon Electric, etc.

Datext is a subsidiary of the privately-owned Cox Enterprises, a US company with extensive interests in newspapers, radio, conventional and cable television.

It was established in 1984 to exploit the then newly emerging market for CD-ROM based financial services, and currently offers three products:

- CD/Corporate, which contains information on all public companies traded on the New York, American, Over-the-Counter and regional stock exchanges.
- CD/Tech, which contain information on more than 13,000 high technology companies both public and private.
- CD/Newsline, a hybrid service which links the CD/Corporate database to the Dow Jones on-line News/Retrieval service.

Customers using the service who need to know the most up-to-date market capitalisation or stock price, for example, simply ask the system for the information, it automatically makes a telephone call to the Dow Jones service, pulls out the right number and feeds it back into the system.

The Datext system is designed to work on the IBM Personal Computer and its clones.

At least 640,000 bytes (characters) of high-speed memory is required along with a hard disk drive. The system feeds data from the compact disc to the hard disk and from there to the high-speed memory, making the overall response time extremely rapid.

The CD-ROM player, supplied by Hitachi of Japan, is a small box coupled to the computer by simple cabling. The only modification needed to the computer is a special circuit board which fits into the slots provided.

Mr Cucchiaro says the company is planning to offer even larger amounts of information on companies in future; the remaining space on the discs will be used to record news, analysis and other textual matter.

The cost of Datext's service ranges from around $9,600 for an annual subscription for one disc to $19,600 a year for four discs.

The price includes use of the disc player.

The Lotus product, which is in some ways competitive to Datext's offerings, is called "One Source."

It comprises a series of historical financial databases together with analytical software including "Microscan" and "Lotus Financial."

Microscan is an investment research and portfolio management program that allows the screening of large-scale fundamental databases.

Lotus Financial is an extension to Lotus 1-2-3, the company's best selling integrated spreadsheet, which accesses financial data held on the CD-ROM disc from directly within the 1-2-3 spreadsheet. So, according to Lotus, a couple of keystrokes are enough to move data from the disc into the spreadsheet ready from manipulation and analysis of the "What if?" variety.

Lotus takes its financial data from Compustat Value Line, Ford Investor Services, Financial Post and the Bonds and Daily Stock Price History, among others.

Subscribers receive weekly compact disc updates; daily electronic updates are also possible. The cost of a licence is £8,000 — £20,000 a year depending on the number of databases selected.

Wider spread to US corporate information

SOME major US corporations are now spending as much or more on computing activities outside their management information systems (MIS) budget as within it, according to the New York based management consultants, The Diebold Group.

A study carried out by Diebold shows the amount spent on these expenses varies from an average of 10 per cent in electronics firms—which might be expected to have a clear idea of what to expect in their MIS budgets—to 118 per cent for retailers, an industry sector which is only just beginning to take full advantage of information technology.

Average expense outside the MIS budget was 57 per cent of the budget for all industrial companies, 50 per cent for the non-industrials.

Diebold argues that the study provides clear evidence of the growing distribution and penetration of information technology in major companies.

It says that 80 per cent of the firms it surveyed for the study in 1986 said they had information systems costs or staff outside the management information systems area compared with 50 per cent in 1979. Fifteen per cent of companies reported having at least twice as many people performing information systems functions outside the MIS department as inside.

These results are especially significant because the US is mostly through the period of "information systems anarchy" which followed the appearance of the first professional personal computers in the late 1970s and early 1980s.

Then it was commonplace to find executives buying and installing PCs outside the control of the data processing manager. With the development of more sophisticated systems and with a growing realisation on the part of the executives that personal computing was not as simple as they had supposed, the data processing department has regained control.

Banking is the most computing intensive industry sector, the study shows, followed by retailing and insurance.

Mr John Anderson, associate director of Diebold Research Programs, says that firms with more information systems activity outside MIS than within it were the forerunners of a workplace where:

- Computer-mediated information handling is the norm rather than the exception.
- Every desk has a workstation.
- Any workstation can communicate with almost any other and gain access, if authorised, to appropriate public and corporate information and information processing systems.

The surveys are available from Diebold in New York, on 0101 (212) 684 4700.

We offer you nutrition advice.

So you can eat healthier food.

And you'll be our customer for longer.

At Tesco we pride ourselves on our record of innovation.

In the case of nutrition information panels on our products we were the first major UK supermarket chain to promote the idea, well in advance of Government action. These panels now appear on over 2,000 Tesco products.

You'll also find educational pamphlets on healthy eating in store, while our research kitchens produce new products geared to a healthier lifestyle. Over the last 12 months we've even gone as far as to reformulate over 400 products to reduce or replace artificial additives.

Tesco do this because of a belief that quality is what builds business.

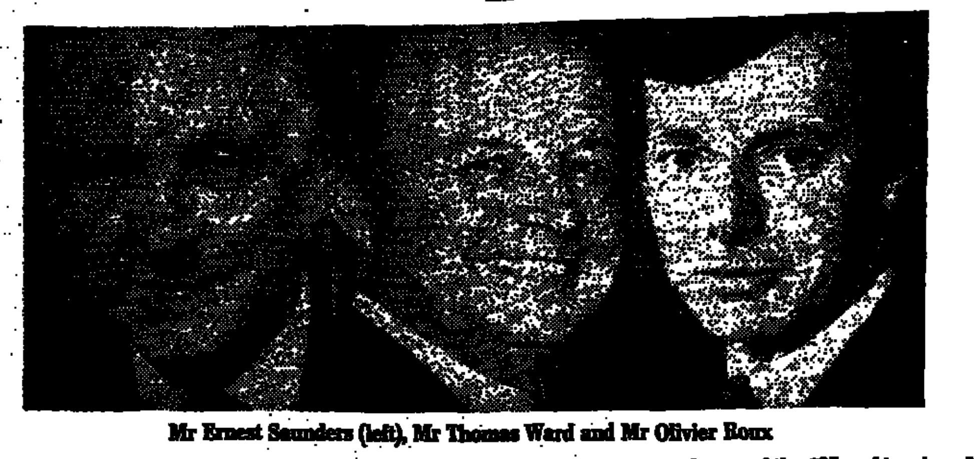
TESCO

Making an investment in quality.

UK NEWS

Raymond Hughes assesses the Guinness affair in court

Juicy morsels to tempt the media



Mr Ernest Saunders (left), Mr Thomas Ward and Mr Olivier Roux

"AS LONG as anyone wants to go on fighting in open court I'm prepared to sit here. It just doesn't seem to me to be very productive – except for the newspapers."

That was neither the first, nor the last, of the attempts made by Sir Nicolas Browne-Wilkinson, Vice-Chancellor of the Supreme Court, to stem the relentless flow of evidence and argument in the case of Guinness versus Saunders and Ward that has occupied his court for the past week.

But if his lordship became increasingly impatient at the stream of revelations under which the central question was in danger of being buried, it was all meat and drink and daily headlines to the press.

The central question was whether temporary orders granted to Guinness in connection with a £5.2m fee paid to one of its directors, Mr Thomas Ward, allegedly through the good offices of Mr Ernest Saunders, Guinness's former chairman and chief executive, should be continued or cancelled.

There were accusations of fraud and dishonesty; an allegation (later withdrawn by Guinness) of a "secret" deal between Mr Ward and Mr Saunders that Mr Saunders should get £3.029m of the £5.2m; tantalising extracts from the highly damaging "Roux letter" in which Mr Olivier Roux, former Guinness finance director, named alleged participants in a massive share support operation mounted by Guinness during its takeover battle for Distillers.

As if that were not riches enough for the reporters, on Friday came the dramatic claim from Mr Saunders' former personal assistant, tracked down by Guinness on holiday in Majorca, that her ex-boss had ordered documents to be shredded and diary entries to be erased – allegations comprehensively denied by Mr Saunders in an affidavit sworn in Switzerland over the weekend.

Competing with such juicy titbits, Mr Ward's apology through his counsel, Mr Peter Curry, QC, for having "inadvertently", broken the court order freezing his UK assets by selling 5,000 Guinness shares held in the US in order to raise money to pay his lawyers, hardly got a column inch in the newspapers.

What the judge had to decide was whether Guinness was entitled to have continued until full trial of the action temporary orders granted ex parte on March 18 freezing Mr Ward's and Mr Saunders' assets up to £5.2m, and requiring the two men to state on oath the whereabouts of the £5.2m – originally paid to Mr Ward through Marketing and Acquisition Consultants, a Jersey company – and to "repatriate" the money and any property derived from it.

Mr Saunders and Mr Ward wanted the orders discharged – Mr Saunders because he said the £5.2m was nothing to do with him; Mr Ward because he said he had already told Guinness that the money, less $4.7m in US taxes and sundry other expenditures, was on deposit in the US. They contended that the orders would never have been granted if Guinness had put the full facts before the court.

In essence, Guinness's case, outlined in evidence from Mr Shaun Dowling, one of its directors, was that the undisclosed payment of the £5.2m was a breach of Mr Saunders' and Mr Ward's fiduciary duty as Guinness directors; that it was paid without board authorisation in breach of the company's Articles; and that Mr Ward grossly exaggerated the services he performed for Guinness during the Distillers takeover which, he and Mr Saunders claimed, justified such a large fee.

All three of the key figures in Guinnessgate – Mr Saunders, Mr Ward and Mr Roux – put lengthy affidavits before the court.

Mr Saunders acknowledged that he had discussed a fee with Mr Ward but denied having authorised the payment of the £5.2m invoice presented by the Jersey company. The invoice was one of 11 totalling £25m that Guinness believes relate to the share support operation.

Mr Saunders said that the only invoice he personally saw was one for £2.88m from Heron Management. He claimed that he had delegated the running of the Distillers bid because he was "a marketing man" and "not a man versed in financial and City matters."

He was, he said, now aware that all the invoices had been signed by Mr Roux and assumed that they had all been paid on Mr Roux's authority alone. As for the fee to Mr Ward, a figure of £2.5m had been discussed, said Mr Saunders which, on the basis of common practice among US lawyers, would be doubled if the takeover succeeded.

Mr Roux, said Mr Saunders, has not "demurred or dissented from" the size of the fee, the propriety of which he, as finance director, had been best able to judge.

A large part of Mr Ward's affidavit was devoted to recounting the "crucial" role he played during the Guinness takeover. He claimed to have "conceived and negotiated" an agreement under which Distillers undertook to pay all Guinness's costs of the bid – an unprecedented agreement, said Mr Ward, that effectively removed the risk to Guinness.

Mr Ward acknowledged that his fee for all this was, "when considered out of context," a very large one; but, he said, everything about the bid had been large. Mr Ward's version of the fee was that it had been agreed with Mr Saunders that it should be one-fifth of 1 per cent of the ultimate bid price, which, in the event, came to £5.2m.

The discrepancy between the two versions of the fee agreement clearly worried the judge, who referred to it frequently. Twice £2.5m did not make £5.2m, he said; he also inquired, without getting a satisfactory answer, what the final bid price had been.

On another occasion he remarked, betraying an edge of exasperation, that "the only two people who can speak to the existence of the fee agreement are talking about two different agreements." To which the delphic response of Mr Philip Heslop, QC, Mr Saunders' counsel, was that "the inconsistencies are capable of explanation."

Mr Roux, giving evidence for Guinness, took issue with almost every aspect of the evidence of his former fellow directors. It was, he said, not true that Mr Saunders saw only one of the £25m of invoices. Mr Roux discussed with him, and got his instructions for, among others, invoices submitted by J. Lyons Chamberlain, Konsultat, Rudani Corporation, Marketing and Acquisition Consultants and Heron. What was more, "I think it highly unlikely that Mr Saunders would not have seen, or at least been told about, all of these invoices."

According to Mr Roux, Mr Saunders maintained close control of all aspects of the Distillers bid and it was from Mr Saunders that Mr Roux took all his instructions. Mr Roux denied knowing that the Jersey company's invoice was being paid for Mr Ward's benefit, or that Mr Saunders had told him about any agreement to pay Mr Ward for his services.

Mr Ward, said Mr Roux, had told him the money was to pay US organisations and individuals used by Mr Ward in making investigations in the UK in connection with the Distillers bid.

Mr Ward's version of his role in the takeover was also disputed by Mr Roux. The "unprecedented" agreement with Distillers, said Mr Roux, had been the brainchild of Mr Anthony Salz, of Freshfields, Guinness's solicitors at the time, and Mr Ward had played no significant part in the negotiations.

Mrs Margaret McGrath, Mr Saunders' personal assistant, alleged that, on his instructions, the office diary, documents from the Distillers bid file, and letters had been shredded after Trade Department inspectors had been appointed to investigate Guinness.

Also, appointments with Mr Meshukam Riklis, head of Rapid American Corporation, and a Mr Heuberger were erased from Mr Saunders' diaries.

Mr Saunders' response to that evidence was to characterise it as "completely untrue ... a complete fabrication ... scandalous."

Independent forecasts point to 2.9% growth

BY JANET BUSH

LEADING INDEPENDENT forecasters have revised up their forecasts for economic growth this year and lowered their estimates for inflation since the budget, according to the latest Treasury review of the consensus.

April's compilation of forecasts includes the Treasury's own Industry Act forecast, which accompanied the budget, and also reflects the views of, for example, the Confederation of British Industry (CBI), the Henley Centre for Forecasting and several City of London economists.

The average independent forecast is now for gross domestic product growth of 2.9 per cent this year, well above the 2.4 per cent forecast in February's summary.

The average forecast for inflation has now been lowered to a rate of 4.4 per cent in the final quarter of this year, whereas the view in February was more pessimistic at 4.8 per cent.

This change in inflationary expectations appears to be based on the decision in the budget to freeze excise duties and the 1 per cent cut in the mortgage rate announced by leading building societies late last month.

The other major shift in independent forecasts is on the expected level of public borrowing. Latest estimates are now looking for a public sector borrowing requirement (PSBR) of £5.8bn this financial year and next whereas, before the budget, the average independent forecasts had been for a PSBR of £8.2bn this year and £7.2bn in 1988-89. The consensus view on the current account of the balance of payments remains a little more pessimistic than the Government's view, with the average forecast for a £2.8bn current account deficit this year and only a slight narrowing to £2.6bn in 1988.

This compares with the Chancellor of the Exchequer's budget forecast of a £2.5bn deficit this year.

Forecasters continue to look for a decline in sterling but this is now expected to be more limited than earlier thought. This shift of view reflects a combination of increased confidence in the performance of the economy and the chances for a Conservative election victory, but also a perception that the authorities are determined to keep sterling stable.

British Telecom to open shops

By David Thomas

BRITISH TELECOM (BT) is to open 60 new retail shops in a move to boost its retail presence.

The shops, which will be opened over the next three years, are to be sited in prime sites in large towns.

They will offer for sale or rent the full range of BT equipment for residential subscribers as well as providing a bills and service point.

Most of BT's present contact points for its customers are housed either within other large stores or in BT offices. However, since 1984 BT has opened 15 retail shops.

UK NEWS

Jobless figure falls to lowest for 2½ years

BY JANET BUSH

THE OFFICIAL unemployment count fell by 30,100 last month, making a drop below the politically sensitive 3m level likely by mid-June, a month increasingly regarded as one of the most likely choices for the general election.

Lord Young, Employment Secretary, who took the unusual step of attending yesterday's regular press briefing on the latest figures, said the official seasonally adjusted total looked like falling below 3m by June 18 when the Department of Employment's figures for May were released.

Yesterday's figures showed that the sesasonally adjusted total for those eligible for unemployment benefit fell by 30,100 in March to $3.043m, the lowest level recorded since September 1984.

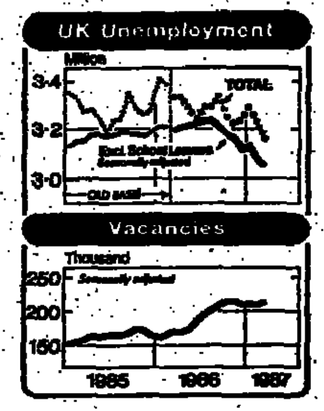
The unadjusted total, which includes school leavers, fell by 82,439 during the month to stand at 3.143m. This measure of unemployment has fallen by 180,000 during the last year, the largest 12-monthly drop on a claimant basis since the year to December 1973, according to Employment Department officials.

Lord Young said he had no doubt that the downward trend would continue. He attributed the decline over eight consecutive months to a combination of a buoyant economy and the increased effectiveness of the Government's job-creation programmes.

He said he had been able to attend yesterday's briefing because it did not clash with the regular meeting of the Cabinet. But he added he was there because he had been slightly worried about widespread press comment that the unemployment figures were difficult to interpret.

He particularly pointed to apparent doubts about the effect of the Government's Restart job scheme on the official count but said its impact was difficult to quantify. He also tacitly acknowledged that without a clear idea of the impact of Restart, it was also hard to gauge exactly how much falling unemployment had been due to stronger economic activity.

Yesterday's figures showed that the pace of job losses in manufacturing industry has slowed considerably, a sign that higher output is feeding through into the labour market.



Lord Young said that about 30,000 of the 180,000 fall recorded in the past year in the unadjusted total was because of the Government's special employment measures.

This is an estimate which is widely questioned by opposition parties and some unemployment research groups. Mr Jon Shields, director of the Employment Institute, estimates that roughly two-thirds of the fall over the last year has been because of statisticial changes in the way unemployment is measured.

Mr John Prescott, Labour's employment spokesman, said yesterday: "The figures present a shamefully distorted picture. The reduction over the past seven months is almost entirely due to the increase in government special employment measures."

Mr Malcolm Bruce, the Alliance spokesman on employment, questioned whether the fall in unemployment was genuine. "All the evidence suggests that the expansion of training schemes, job creation schemes and deregulation is taking people off the register but is not creating long-term, well-paid jobs with real prospects for young people and the long-term unemployed."

Employment Department figures also released yesterday showed that unit wage costs in manufacturing industry were only 1 per cent above a year ago in February, compared with a year-on-year rise of 2.3 per cent in January.

TORY CHAIRMAN CHALLENGES BROADCASTING NEWS JUDGMENT

Tebbit and BBC clash again

BY PETER RIDDELL, POLITICAL EDITOR

MR NORMAN TEBBIT, the Conservative Party chairman, has again clashed with the BBC over its news coverage. This time he is challenging the BBC's judgment of last month's trade figures.

In a letter to Mr Michael Checkland, the new BBC director-general, Mr Tebbit asks why the "unexpected and very good" trade figures announced on March 26 were not mentioned in a BBC news bulletin when Independent Television News devoted nearly two minutes to them.

The BBC said yesterday that Mr Checkland had received the letter and was considering it.

However, Mr Alan Protheroe, assistant director-general, later issued a reply to Mr Tebbit in which he said: "The trade figures were not used in BBC-TV's Six O'Clock News. They should have been."

Mr Tebbit says in his letter that he is "a little puzzled" by the contrasting treatment of the trade figures. "Of course, it may be that the judgment of your news editors is that trade figures, while unexpectedly good or unexpectedly bad, are not of interest to your viewers and are not sufficiently newsworthy to feature in your bulletins.

"If that is so, that is a judgment which I would not make myself but it would be perfectly fair that an editor made such a judgment. That however would imply that bad trade figures would be similarly ignored by the BBC."

He asked whether this was "a terrible error of judgment" or whether the BBC would ignore trade figures, good or bad, in the early evening bulletins.

Mr Tebbit has been engaged in a series of exchanges with the BBC, notably with the presentation of a detailed analysis of the corporation's coverage of the US bombing raid on Libya a year ago.

His attacks on the BBC have attracted both criticism and support from other ministers and Tory MPs, some of whom feel it has been counter-productive.

Mr Robin Corbett, a home affairs spokesman for the Labour Party, accused Mr Tebbit of interfering dangerously in the BBC's editorial independence.

Similarly, Mr David Alton, Liberal Chief Whip, yesterday charged Mr Tebbit with leaning on the BBC in the run-up to the general election campaign. He said the real message to Mr Checkland was "Big Brother is watching you."

Granada enters holiday market in £45m agreed bid for WSL

BY NIKKI TAIT

GRANADA, the television and leisure group, launched itself into the holiday market yesterday with a £45m agreed bid for WSL Holdings, bringing further upheavals to Britain's travel industry.

WSL specialises in school tours and is also the country's biggest ski operator.

The deal means that three quoted holiday companies are now facing ownership changes: Bass, the brewery group, made an agreed £95m offer for Horizon two weeks ago, and Mr Harry Goodman, the chairman and chief executive of International Leisure Group, is currently leading a £150m management buyout there.

Mr Derek Lewis, finance director of Granada, said there were plans to expand WSL into other types of specialist holiday, although the direct selling approach would remain.

WSL has undergone a radical transformation since late-1984 when the shares were trading around 30p. Recently, WSL has added Pilgrim Air, which is now the largest organiser of charter flights between the UK and Italy.

In the 17 months to the end of August 1986, the company made attributable profits of £2.48m on sales of £80m. Its brokers forecast about £3.7m before tax in the current year and £4.9m for 1987-88.

Yesterday, Mr Hopkins – currently deputy chairman of WSL but who becomes managing director following the deal – said that the company had felt frustrated on the acquisition front and believed that the greater resources of Granada would help its future growth.

Granada said that it was WSL's relatively secure niche interests which had proved appealing. Mr Lewis said: "We have been looking for new businesses to fill the leisure division and, as our first move in the holiday tour market, WSL offers some niches which are insulated from the mainstream summer sun trade." Granada made its first foray into holidays just over a year ago.

RHM poised to win control of Avana

BY NIKKI TAIT

RANKS HOVIS MCDOUGALL (RHM) looked poised last night to win its £281m contested bid for Avana, the Welsh food group, after claiming control of 46.35 per cent of Avana's shares.

RHM's merchant bank adviser, Morgan Grenfell, said that in addition to this firm holding it had purchased another 3.82 per cent of Avana's shares for cash and immediate settlement.

The bankers do not yet have delivery of the stock, but have until the final close of the bid at 1 pm on Friday to obtain it.

Avana, however, was last night still refusing to concede that the battle was over. "If the shares had been readily accessible, they would have got them by now. They clearly have a problem," said Mr David Cardale, a corporate finance director of County Bank, which is advising Avana.

Shortly before the RHM announcement, Avana suggested that it had support from holders of an estimated 47 per cent of its shares. County purchased a further 60,000 shares yesterday and holds about 2.68 per cent.

Avana said phone calls to 50 large private shareholders had all elicited expressions of support for its continued independance. Given 21 per cent of Avana's shares are held by institutions, the company is assuming that the 26 per cent of its shares held privately would be voted for the board.

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Bank staff to ballot on strikes

By Our Labour Staff

BANK STAFF in England and Wales are to vote on industrial action over a 5 per cent pay award which has been imposed by employers.

About 70,000 employees will be urged by Bifu, the banking, insurance and finance union, to back a series of one-day strikes and an overtime ban.

Ballot papers will go out to banks by May 5 and the result will be discussed by the union on May 16, the first day of Bifu's annual conference. The Clearing Banks' Union (CBU) which represents 106,000 staff, is likely to consider a similar ballot when its executive meets next Wednesday.

The move follows a decision earlier this week by the employers' federation representing Barclays, Lloyds and the National Westminster Bank to impose the pay offer in the face of union opposition. Bifu claimed a 9 per cent rise and the CBU 15 per cent.

Midland Bank staff are not affected because the bank opted out of national negotiations last year and left the federation.

Many bank staff have shown dissatisfaction with the national award. Out of 20,000 responses to a Bifu survey, about 95 per cent said they did not want to accept the 5 per cent offer.

Peugeot Talbot puts £14.9m loss down to Iran trade collapse

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PEUGEOT TALBOT, the UK subsidiary of the French cars group, yesterday blamed the collapse of its business with Iran for an increase in its losses last year, from £12.8m to £14.9m.

The immediate parent group, Automobiles Peugeot, has restored the UK company's net worth for the second successive year by making a grant to cover the losses £15m this year against £16.5m in 1986.

Mr Geoffrey Whalen, Peugeot UK's managing director, said, however, that prospects for this year were better, and the group's dependence on Iran was much reduced. He has previously suggested his company should do better than break-even this year and would certrainly be in the black in 1988.

Peugeot UK shipped only 12,800 car-kits to Iran last year, the smallest number since the trade started 17 years ago. This compared with 47,000 in 1986. Revenue from the Iranian business last year fell from £67m to £18.4m.

In the past, the Iran kit deal – once the biggest single contract for the UK motor industry – provided nearly £150m of revenue a year with 90,000 kits exported.

Iran once accounted for more than 20 per cent of Peugeot UK's total business, but the proportion is now down to about 2 per cent as other operations made significant progress.

Most of the employees at the Midlands plant which produces the Iranian kits, have been switched to the factory where Peugeot UK assembles the Peugeot 309 for the UK and for export to West Germany, Holland and Belgium.

Output of the 309 increased last year progressively from 750 a week to 1,250. The company is spending a further £20m preparing to assemble the Peugeot 405, a family saloon due to be launched in continental markets in September, and in the UK early next year.

Peugeot UK expects its share of the UK new car market to rise from 4.5 per cent last year to 5.5 per cent this year, and to be running at the annual rate of 8 per cent once the 405 has been launched.

The company's turnover last year rose from £516.5m in 1985, to £640m. There was an operating loss of £4.8m compared with a 1985 profit of £2.6m.

The report also shows Mr Whalen's emoluments increased by 14 per cent, from £71,000 to £81,000 last year.

The company is currently in the final stages of negotiating a pay deal with the 4,400 employees which offers 6 per cent (including consolidation) this year and another 6 per cent in 1988, together with improvements to fringe benefits.

Amoco to go ahead with Arbroath oil project

BY MAX WILKINSON, RESOURCES EDITOR

AMOCO, the US oil multinational, announced yesterday that it has decided to go ahead with the development of the North Sea Arbroath oilfield.

The project is likely to cost £150m to £200m and will provide up to 500 jobs during the construction phase which could start in about a year. Production from the field is expected to start early in 1990.

Amoco, which is the operator in the field, announced yesterday that it had awarded the design contract to John Brown Engineers and Constructors in London. The design contract is worth £5m to £6m.

The field has 80m barrels of recoverable reserves and is expected to produce at the rate of 38,000 barrels a day.

In common with other projects now under consideration the design of the Arbroath platform will place great emphasis on weight reduction and other cost cutting techniques.

John Brown estimates that the cost of the project will be 10 to 15 per cent less than would have been expected two years ago.

Distributive trades forecast upturn after sales slowdown

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

MARCH was a sluggish month for Britain's distributive trades. Retailers, wholesalers and motor dealers all reported business below expectations in the latest monthly compiled by the Financial Times and the Confederation of British Industry (CBI).

However, sales volumes for all distributors remained well up on a year ago. Retailers remain particularly optimistic, and wholesalers, too, expect ordering to pick up.

Retailers' sales volumes last month – as in February – failed to live up to expectations. The percentage balance of respondents reporting March sales higher than a year ago fell to 33, the lowest since April last year.

When asked earlier about prospects for the month, a balance of 53 per cent said they expected an improvement. A percentage balance is the percentage forecasting an increase minus the percentage expecting a decrease.

Some 56 per cent of the 330 respondents forecast an improvement for the present month. Precise comparisons with 1986 are difficult, the survey compilers point out, because Easter fell in March last year.

Retailers also placed fewer orders than expected, and the disappointing sales growth led to an unexpected build-up in stocks. "Stocks should ease a little in April if sales pick up and orders slow down as retailers anticipate," the survey says.

Durable household goods shops, booksellers and stationers have the highest hopes for April trading. Retailers of clothing, do-it-yourself goods, hardware and china reported the best results in March.

Wholesalers' sales volumes rose a little faster in March than in February, but not as fast as expected. Growth at the same pace is expected during April. A balance of 59 per cent of wholesalers had said they expected better sales in March, but only 48 per cent reported an actual improvement. About 49 per cent say sales should improve in April.

Builders merchants and wholesalers of electrical installation equipment and food and drink reported the best sales growth in March and were also the most positive about prospects for April.

Wholesalers' stocks eased as expected last month, and should imporve further in April.

A balance of 26 per cent of motor traders reported improved sales during March, compared with 34 per cent expecting increases. A balance of only 13 per cent expect things to get better in April.

Dealers selling parts and accessories, as in previous months, seem more optimistic than vehicle traders.

For the distributive trades as a whole, the balance of respondents reporting higher sales fell lightly in March to 40 per cent, compared with 53 per cent expecting an improvement.

Flow of funds falls by £1.72bn

BY RALPH ATKINS

THE FLOW of funds into financial institutions fell £1.72bn to £14.67bn in the fourth quarter last year. There were also falls in investment in UK company shares and British Government securities.

The reduction in cash flowing into institutions was accompanied by large changes in the source of funds, according to Bank of England figures covering pension and insurance funds, building societies, unit trusts and securities dealers, published yesterday.

Bank borrowing fell to £2.94bn in the fourth quarter – little more than half the previous three months. But building society deposits more than doubled to £5.2bn, partly because of the return of funds from unsuccessful Trustee Savings Bank (TSB) share applications.

Capital issues fell sharply from £3.16bn in the third quarter, to £190m in the fourth. Flows into unit trusts rose from £1.03bn to £1.68bn.

The figures for the use of funds show a switch towards bank deposits which increased to £4.94bn – more than three times the previous quarter's flow.

Charles Leadbeater writes about a scheme that has brought hope to young people

Training takes uneasy place in work race

THE BRITISH education system did absolutely nothing for 17-year-old Mr Gary Wade. A shy, short youth with spiky hair, large boots and an ear ring, he left school without academic qualifications, and little chance of finding a job.

Nine months after joining a Youth Training Scheme (YTS) programme he is quietly proud to display an intricate miniature cannon he has made using basic craft engineering skills he has learnt from scratch – from design, to turning, lathing and milling.

Mr Len Bissell, is the manager of the engineering workshop which has trained Gary. "This is a lovely business, but it is also a sad business," he says as he looks around the workshop near Swansea, South Wales.

It is staffed by trainers recruited from a bulging unemployment register; equiped with machines from engineering companies which closed in the depth of the recession; and housed in a building unwanted by motor manufacturers, Ford. It is training youngsters to compete in a labour market where male unemployment is running at over 20 per cent.

The Youth Training Scheme has come a long way from its inception in 1978 as the Youth Opportunities Programme, the emergency response to youth unemployment.

As a result of the scheme, which has over 400,000 places, youth unemployment has been largely neutralised as a political issue. Nevertheless, the scheme is still the cause for angry debate.

It has grown from being a work placement programme to providing improved training. Critics argue this is merely to provide a more plausible justification for excluding participants from the unemployment count.

Mr Bissell complains that the scheme is "collecting debris" left by an education system which fails non-academic children. But many educationalists believe they are being used as scapegoats for a training crisis which is the creation of employers.

So, in spite of its development over the past decade, YTS still occupies an uncertain position lodged between work and school.

According to most trainees, the scheme still has a bad reputation in most schools as the "slave labour scheme." Ms Samantha Howells is training at Treforrest Information Technology Centre, just outside Cardiff, to become a word processor operator. She says there is far too little information at school about the routes into work.

"You are only given careers information in the fifth form when they tell you what options you should have done to get the job you want. There is very little information about YTS – I just did not know what is available."

Educationalists' distrust of the scheme is bred partly from a suspicion that the Government is using it as a Trojan horse to change the education system.

YTS funding has provided the Manpower Services Commission (MSC) with a powerful lever over the further education system to encourage colleges hit by ratecapping to provide more vocational education. But many teachers argue that education which is more tailored to the demands of a depressed labour market is a code for lowering expectations.

Mr Ray Howorth, the Treforrest ITEC manager, says he has had to take work away from colleges.

He explains: "Not all the technical colleges are flexible enough for our needs. We run modular courses where students study at their own pace. Because students come on to the scheme at different times they have to take exams at different times. We have had to develop more practical teaching methods for kids who have had enough of school."

Nevertheless, one outcome of the scheme is that young people wake up to the need for qualifications. While a large proportion go into employment, about 20 per cent return to study, says Mr Howorth.

But this may be as much a sign of weakness in the system than its strength. While many industrialists complain about the lack of vocational education at school, the vocational qualifications YTS provides do not carry great weight with employers who are still more interested in GCE O-levels, says Mr Howorth.

As the scheme has matured, so its training has improved, culminating in last year's move to extend the programme into a two year scheme for all 16-year-old trainees, offering a mix of off the job training and work placements.

At the Swansea engineering workshop, Mr Bissell complains that the evolution of the scheme has been code for confusion in the MSC: "First of all they wanted transferable skills, which meant giving trainees a range of experience. Now the emphasis is on core skills – common sense things like planning, quantifying. But even there the MSC has to make it into a science. Since we were set up we have been in permanent transition because the people at MSC have not got their ideas worked out."

Mr Bissell recognises that most job growth is set to come in services, but he believes that training youngsters in engineering gives them the confidence that they can master skills in other areas.

The courses at the Treforrest ITEC are more closely tailored to the needs of an area which has attracted electronics companies such as STC, and Japanese investment, with courses in electronics, computer programming and modern office work.

Writing a programme to be used by a consumer advice unit, 16-year-old Mr Paul Taylor is well aware of the need to get on the right path into the future jobs market. His father and brother are both miners in a coalfield which has lost 12,000 jobs since March 1985.

But none of the training is aimed at particular jobs, it stresses flexibility and adaptability, to provide a base for further training by an employer.

While the MSC's drive to improve quality has weeded out most of the cheap labour employers, too few companies are taking the training lessons to heart, according to Mr Howorth.

News on Sunday in further board shake-up

BY RAYMOND SNODDY

MR ALAN HAYLING, one of the founders of the News on Sunday, the left-of-centre newspaper to be launched on April 26, has given up his role as editorial director of the newspaper.

Mr Hayling will remain on the board and will work full-time on the project although he will be based in its London office rather than the Manchester headquarters.

The change in role is the latest in a long series of management restructuring at the paper as it approaches is launch date.

The News on Sunday said yesterday: "There is now no doubt, if there ever was, who is in editorial charge of the paper."

Mr Hayling was appointed editorial director after the departure of Mr John Pilger in January. The fact that Mr Hayling has given up his role as editorial director removes ambiguity over the position of Mr Keith Sutton, the editor of the paper.

Apart from the departure of Mr Pilger, because of disquiet over the editorial policy of the newspaper, Mr Gerry Taylor, the paper's principal consultant, has announced he is giving up his role as soon as the paper is launched. Mr Taylor is a former managing director of the Guardian.

Earlier this month, Bartle Bogle Hegarty, the News on Sunday advertising agency, said is was parting company with the newspaper after the launch campaign.

The advertising agency said at the time: "The organisation structure of the paper has caused strains which are felt to make a longer-term relationship untenable."

Brymon Airways leases three aircraft for Stolport service

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRYMON AIRWAYS, the Plymouth-based regional airline that has been awarded international routes to Amsterdam, Brussels and Paris from the new City of London Stolport (short take-off and landing airport), is leasing three additional quiet de Havilland Canada Dash Seven, four-engined turbo-propeller airliners for those operations.

Mr Charles Stuart, chairman and chief executive of Brymon, said yesterday that from October, when the new Stolport becomes operational, the airline would fly eight services a day, each way, between London and Paris, and four a day between the Stolport and Amsterdam and Brussels.

Brymon will be competing on those three routes with Eurocity Express, an airline set up by British Midland specifically to fly to and from the Stolport.

Reciprocal approval is required from the French Government for the Paris service, but no such approval is required for the Amsterdam and Brussels routes under the new liberal bilateral agreements between the UK and those countries.

Mr Stuart also said that, as part of Brymon's expansion plans, the airline was studying additional routes from the Stolport to Jersey, Exeter, Belfast harbour and Frankfurt, and would also consider Düsseldorf.

● London European Airways, the Luton-based airline that underwent a financial reorganisation last November, will resume flights between Luton and Brussels and Amsterdam on May 22.

A group of private investors, headed by Mr Cathal M. Ryan, who is also chairman of Ryanair, the Irish regional airline, has subscribed £650,000 and taken control of London European. Ryanair will remain a separate organisation from London European.

Fares between Luton and the two Continental cities will be £99 return, substantially below the rates offered by other airlines on those routes out of London. The single fare will be £59. The fares will be unrestricted, with no cancellation penalties or requirements for specific lengths of stay overseas.

Mr Ryan said yesterday that keeping its fares simple was a paramount requirement.

Software Sciences wins £15m order

By David Thomas

SOFTWARE SCIENCES, the software subsidiary of thorn EMI, is to manage the introduction of an ambitious £15m project by the Post Office to computerise its counter services.

Software Sciences beat ICL, the UK computer company, for the contract to manage the pilot scheme, involving the automation of counters in 250 post offices.

The Post Office intends to follow up the pilot project by computerising 6,000 post offices throughout the country in a £100m scheme, making it one of the largest networks in Europe.

In the pilot project, computer terminals in the post offices will be linked to Girobank, the Post Office's banking subsidiary, the Driver and Vehicle Licensing Centre and the Department of National Savings, some of the Post Office's major clients.

Mr John Roberts, Post Office managing director for counters, said the intention was to cut down on the time it took to serve customers and reduce administrative work behind the counter.

The full project, which will take a further five years to complete, will probably involve computer links with the Department of Health and Social Security, the Post Office's biggest client.

Mr Roberts said that the full project would place the Post Office in a better position to do work for the private sector, such as issuing tickets, though this would also require a change in legislation.

Software Sciences will spend about £9m on hardware, principally with Nixdorf of West Germany on terminals, Tandem of the US on the central computers, and Plessey of the UK on the network. Software Sciences will be doing most of the software work in-house.

The companies involved in the first phase are likely to be in a strong position to win the business for the full project. At that stage, the fiercest competition is likely to be over the terminals, because technology in that area is moving so rapidly.

INTERNATIONAL PAPER INDUSTRY

Margaret Marley examines a clash of interest between newspapers and newsprint suppliers

Cracks that have to be papered over

IT IS a rare sight to see a supplier walk out during the after-dinner speech of a major customer. Yet, that is what happened in London at a recent international conference on the future of newspapers.

Christopher Dicks, president of the Newspaper Society, was addressing a gathering of newsprint makers from the UK, Scandinavia, Europe and the US. They had been brought together by Pira, the UK research association for the paper and printing industries, to discuss the demands being made on paper by new printing technology and the trend to full-colour advertising.

The atmosphere became charged and a Scandinavian supplier walked out when Mr Dicks attacked rising newsprint prices — up 24 per cent on an annualised basis if current proposals go through. He had opened up a major controversy, because newspapers and paper mills both believe that their survival is at stake.

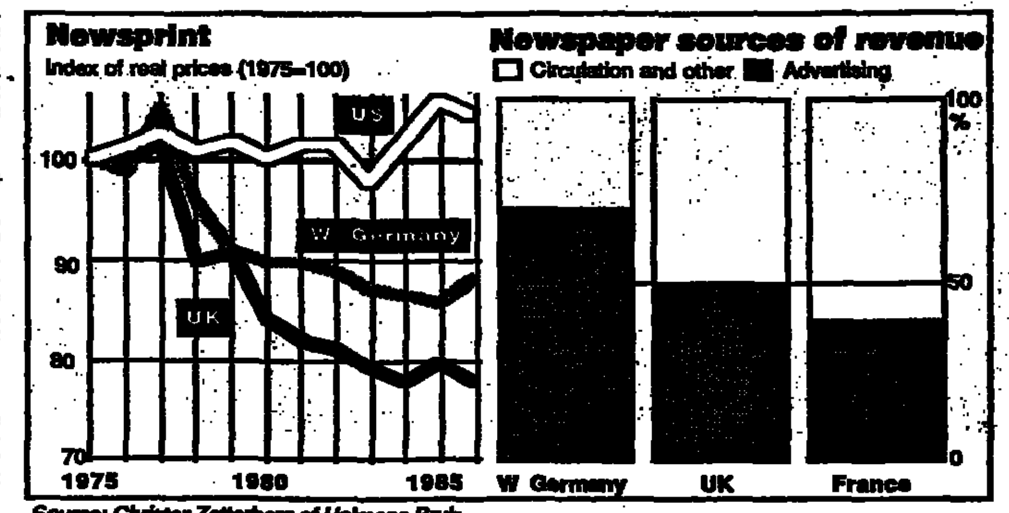
Advertising revenue is of critical importance in the economics of newspaper publishing: in the UK it accounts for 50 per cent of total revenue, while in West Germany the percentage has risen to 66. But there is tough competition for this revenue from magazines, radio and television.

To be successful, newspapers must offer the advertiser good reproduction and, increasingly, good four-colour reproduction. That depends on the quality of newsprint. They must also maintain circulation, because the connection between readership and advertising is crucial.

The price of newsprint is a critical factor in this equation. It must be high enough to cover the cost of producing a sheet that can withstand the stresses of high-speed printing. But, if the price is too high, cover charges will go up, circulation will fall and newspapers will lose in the battle for advertising.

Mr Dicks talked about the "tremendous resentment" caused by the 6 per cent increase that set the price of standard newsprint at £365 a tonne last October. He gave a warning against the 9.6 per cent increase proposed by the Scandinavian mills and due to take effect on June 1.

Price rises—amounting to 16 per cent in eight months—are seen as a crippling burden for an industry that is fighting for survival "against increasing media competition." The justification for the rises—the weakness of the pound against Nordic currencies—rings hollow in the ears of publishers.



Source: Christer Zetterberg of Holmens Bruk

Newsprint represents 20 per cent of the total costs of a regional newspaper and it is the one major cost that newspaper managements cannot control.

"Will 1989 see newsprint at £500 a tonne? And what effect will this have on the future of newspapers?" Mr Dicks asked. "I hope that one of the outcomes of this debate is an acceptance by the manufacturers that, if they wish newspapers and themselves to have a future, they have to adopt a more realistic approach to pricing and also to the timing of any increase."

The newsprint makers in the audience took exception to his remarks. Theirs is one of the most capital intensive industries in the world and one that *operates on the narrowest of* margins. They have invested millions in the latest technology to provide the newspaper industry with a low-cost raw *material, but they are not* getting an adequate return on capital.

The October price rise was the first UK increase in 19 *months*.

During the past 10 years manufacturing and capital costs have soared. The energy intensive newsprint industry was hit hard by the oil crises of the 1970s. Even a mill like Shotton, North Wales, which has invested in the latest energy-saving technology, has an electricity bill of £15m to £20m a year.

Jan Rennel, senior consultant with Jaakko Poyry of Finland, spelt out the newsprint makers case in his keynote address. In 1865 newsprint cost $3,000 a tonne, and four-page newspapers were selling at 10 cents on the streets of Boston. In those days, when paper was made out of rags, there was a shortage of raw material, a growing demand for newsprint and rocketing prices.

The problem was solved by a technical breakthrough which enabled papermakers to use wood pulp instead of rags. At the same time, mills introduced bigger paper machines to achieve greater tonnage and economies of scale. Owing to this technology the price of newsprint began to fall, and by 1900, a 10-page newspaper cost only 1 cent.

There have been no dramatic changes in papermaking technology since the advent of wood pulp, yet, the real price of newsprint has been stable since the early years of the century. At around $500 (£307.8) a tonne, it is one sixth of the peak price of 1865.

This has only been possible because of continuing economies of scale, achieved on ever wider, faster and more productive machines. As late as 1970, the average paper machine made 65,0000 tonnes of newsprint a year. Today the average is 100,000 tonnes.

But the newsprint industry is paying a heavy price for this technology. Capital costs have increased with the size of paper machines, so that today a new machine and pulp line costs around $150m. Add the bill for infrastructure and auxiliary equipment and the cost rises by a factor of 2.5 to 3.

"High investment costs are a major concern in the newsprint business," *says Jan Rennel.* "In Western Europe they have increased five-fold in the past 20 years—from $195 per annual tonne in the 1960s to $985 today."

In the UK, it is unlikely that the modern newsprint mills at Bridgewater (Ellesmere Port) and Shotton, built at a cost of £88m and £135m respectively, are getting a 10 per cent return on capital. And 10 per cent is far too low to attract new capital.

It is no wonder that many companies are dropping out of the newsprint business. Twenty years ago, when the European Free Trade Association treaty (EFTA) opened up the UK market to low-cost newsprint from the high-tech Scandinavian machines, the smaller UK mills could not compete

Conventional wisdom had it that only timber-rich countries, with low-cost raw material and giant paper machines, could make newsprint profitably. So, between 1960 and 1980 the UK industry contracted from 800,000 tonnes to 90,000 tonnes a year. Overseas suppliers took over the 1.4m-tonne UK newsprint market.

It is significant that the UK newsprint revival of the 1980s was financed by Finns and Canadians—nations committed to the paper industry and anxious to secure *their* market in EEC Britain. United Paper Mills of Finland built the 200,000-tonne Shotton mill, while Consolidated Bathurst *rebuilt the old Bowater mill* at Ellesmere Port to a capacity of 240,000 tonnes a year.

But now, because of high investment costs, the big integrated mills can *no* longer make an adequate profit. Instead of getting cheaper per tonne of output, the new mills are more expensive in real terms. And *the* real price of newsprint has declined over the last 10 years—by 22 per cent in the UK and 11 per cent in West Germany.

Over the *same period web off*set printing arrived and established a major presence in Western Europe. The new generation of high speed *presses are more* demanding on paper—they need a dust-free sheet with a strong printing surface.

The newsprint industry responded by *investing in new* technology. In the 1970s twin wire forming was introduced to produce a sheet of even quality on both sides. The old single wire *machines made a two-sided* sheet that caused linting on the offset press.

In the 1980s, new thermomechanical (TMP) and chemithermomechanical (CTMP) pulps were developed. These new processes are economic in their use of wood and the long fibred pulps produce a strong *sheet that cuns well at high* speeds.

During the last 15 years the average grammage of newsprint has been reduced from 52 *grams per square metre to 46.5* gsm. This gives the newspaper publisher more paper per tonne, and there are fewer rolls to be changed on the *printing* press.

There have been benefits for the papermaker too. Lower grammage paper uses less pulp and the switch down to 46.5 gsm has reduced pulp consumption by 10 per cent or 700,000 tonnes a year in Western Europe.

Since 1970 the newsprint industry has reduced its manufacturing costs by 8 per cent to 9 per cent, but this is not enough to compensate for increased capital costs.

It could be said that the newsprint industry has shot itself in the foot. The mills kept turning out vast tonnages to utilise their assets; this created oversupply, and in a buyer's market, newsprint prices found the lowest possible level.

Mills operating on narrow margins are very exposed, and recently volatile exchange rates and the decline of the pound have played havoc with the newsprint business. The Scandinavians, who supply over 70 per cent of the UK's imports, were badly hit. At the beginning of 1987 they were getting 17 per cent less for newsprint sold in the UK than for German sales.

The figures according to Pulp and Paper International are: A tonne of 48.8 gsm newsprint sells for £365 or Ecu 490 in the UK; for DM 1240 or Ecu 589 *in* West Germany; and for FFr 3714 or Ecu 554 in France.

Market forces are now driving mills away from newsprint into value-added products *like* super-calendered (SC) and lightweight-coated (LWC) papers, which are used extensively in magazine printing—the latter is selling for £585 a *tonne in* the UK.

Over the next four years to 1990, Western Europe plans to invest twice as much in these grades as in newsprint: every year 600,000 tonnes of newsprint will come on stream compared with 890,000 tonnes of LWC and 520,000 tonnes of SC paper.

At the same time, according to industry forecasts, demand for newsprint will rise by 750,000 tonnes a year, so that by the year 2000, West Europe will consume 39.7m tonnes a year.

It looks as though, after a long period of oversupply, the newsprint market is coming into balance. At least until 1990, the market will be tight, and the scene is set for a rise in the price of newsprint.

The price must assure the newsprint maker of an adequate profit, but it must be acceptable to the newspaper industry. The Pira conference revealed deep divisions that have to be healed, for the two industries will stand or fall together.

"Newsprint makers are committed to the newspaper industry as a whole," says Don Attwood, director of Pira's paper division. "But they need to discuss with their customers what is an equitable price for a very high-tech product. Pira intends to offer new opportunities for this dialogue."

The author is editor of Paper Technology and Industry.

Company Notices

Art Galleries

Clubs

APPOINTMENTS

Sir Ronald Ellis joins Brooklands Aerospace

Optica Industries has been renamed Brooklands Aircraft Co. and has become one of four subsidiaries of BROOKLANDS AEROSPACE GROUP. The aircraft has been re-named the Optica Scout and will be referred to as the Scout in the UK market. The company plans to fly the first 1987 production aircraft at the Paris airshow.

Sir Ronald Ellis has been appointed non-executive chairman of the group. He is a former head of Defence Sales and a former director of The Royal Ordnance Factories. He is a director of Allegheny International, Yarrow and other companies. Mr Alan Halkney becomes a deputy chairman. In 1975 he became managing director of UBM Engineering, a wholly-owned subsidiary of UBM where he was involved with the development of the aero-docks business. Mr Grenville Hedge is made group general manager. He joined the company in October 1985. Prior to that he was managing director of Pelham Puppets. He has been responsible for implementing the design improvements to the Optica Scout and subsequently developing the design and manufacturing businesses. Mr Peter Molony has been appointed a deputy chairman. From 1979 to 1986 he was an executive director of Rolls-Royce (consecutively finance *director, operations director and* director—military engines). He is a director of Chaytor King. Mr John Henderson, a non-executive director, has been a director of Wrightson Wood since 1979, and is a former director of Fairey Aviation. Mr Brian Saunt, financial controller and company secretary, joined the group recently from Woodhouse Hume where he was a director and financial controller.

★

Mr Roger Marsden has been appointed managing director of UBM BUILDING SUPPLIES (CENTRAL), a Norcros Group company.

★

CIFER, Melksham, has appointed Mr David Crellin as technical director. He was with PA Technology.

★

Mr Richard A. Shean will become a partner of DURRANT PRESSE on May 1.

★

CANNON STREET INVESTMENTS has appointed to the main board new directors from some of its fields of activity: Mr Dennis Baylin, managing director of BETACOM from consumer electronics; Mr Brian Scowcroft, managing director of BS Heating from engineering; and Mr Lawrence Slapper, managing director of Lorenzo's from food and catering. Mr Gordon Carruth and Mr Stephen Cutler join the main board from the corporate resource group. In addition Mr Roger Abraham, managing director of Chase Manhattan Investment Bank, and Mr Jeremy Brownlow, a partner of Clifford Turner, have joined as non-executive directors. The corporate resource group has been joined by Mr Ian Pratt from Peat Marwick McLintock.

★

Dr Brian Cromie has been appointed a director of CHARTERHOUSE VENTURE FUND MANAGEMENT. He recently retired as chief executive of Hoechst Pharmaceuticals UK.

★

APV BAKER has made the following board changes: Mr K. A. Grever and Mr A. MacDougall have retired. Following *completion of the offers for* Baker Perkins, Mr M. R. H. Smith, Mr C. W. Joyce and Mr J. C. McCaskie have been appointed executive directors and Mr G. Ll. Law has been appointed a non-executive director of APV Baker. Mr Joyce becomes finance director and Mr McCaskie technical director. Mr Smith, Mr Joyce and Mr McCaskie were respectively managing director, finance director and technical director of Baker Perkins. Mr Law is a director of Morgan Grenfell Group and was deputy *chairman of Baker Perkins.*

★

Mr Brian Taylor has been appointed vice president in charge of marketing at CITIZEN WATCH (UK). He joins from Louis Newmark where, as project manager, he was responsible for new product development of brands such as Swatch.

★

Mr Keith Court has been appointed to succeed Mr Len Hill as chairman of SOUTH WEST WATER AUTHORITY from August 1. Mr Court will also serve as chief executive in succession to Mr Geoffrey Conybeare Williams. The appointment will run for five years. He was a Blue Circle Industries main board member and chief executive of the UK cement and related operations.

★

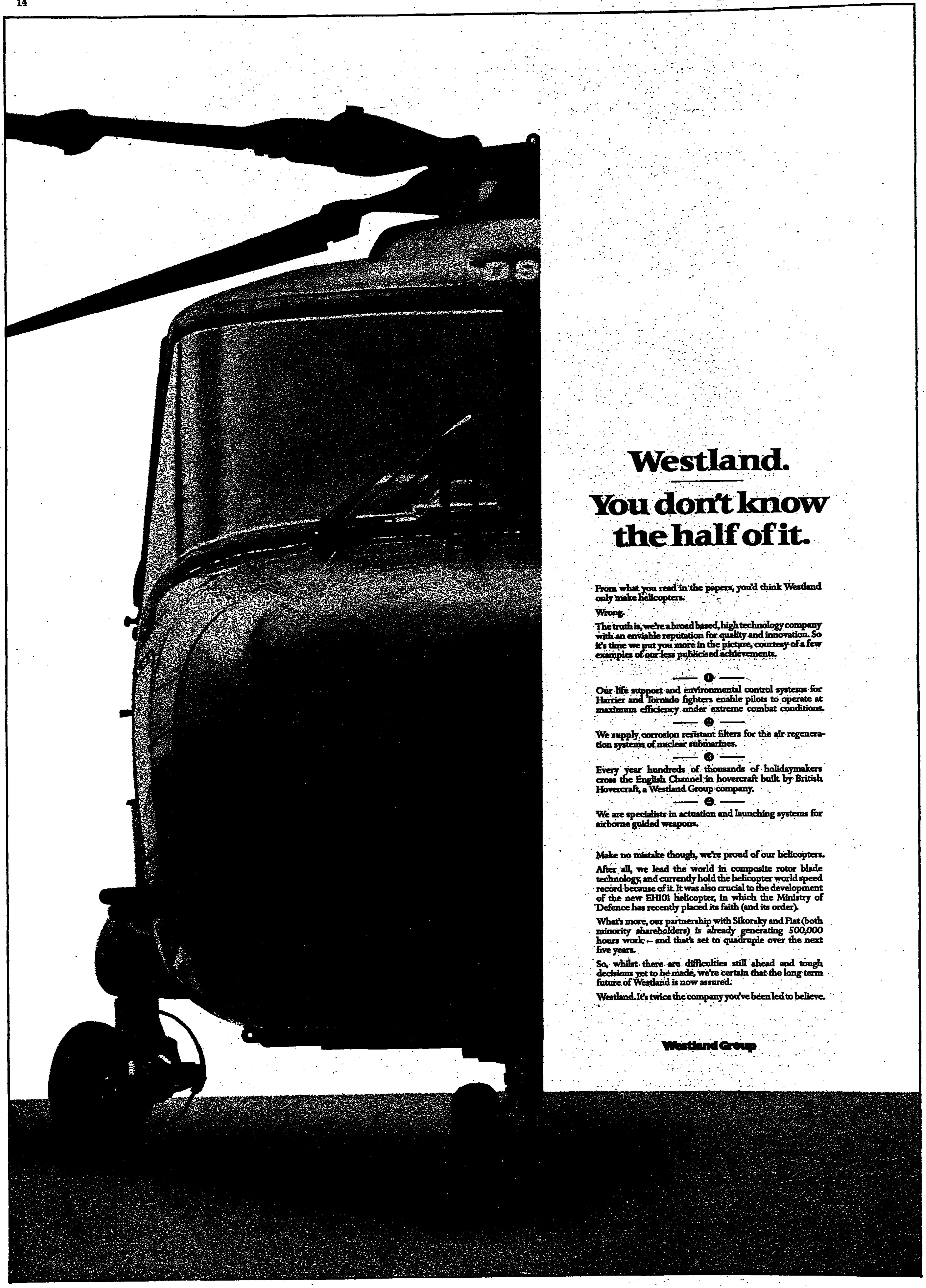
Mr Kelly Dow has been appointed international sales and marketing director of the MONITOR AUTOCALL organisation He was chairman of Electrak International. He is also a director of Export Network.

★

INTERNATIONAL HOSPITALS GROUP, Slough, has appointed Mr John Sevenoaks as business development director, and Mr Kenneth Hesketh as director of hospitals management. IHG has administered the King Khalid National Guard Hospital in Jeddah for the last six years and is also medical consultant to the Presidential Court of the United Arab Emirates.

★

Mr Brian Loader has been appointed director of naval business at MARCONI RADAR SYSTEMS, Chelmsford. He was manager of the naval division.


Westland.
You don't know the half of it.
From what you read in the papers, you'd think Westland only make helicopters.
Wrong.
The truth is, we're a broad based, high technology company with an enviable reputation for quality and innovation. So it's time we put you more in the picture, courtesy of a few examples of our less publicised achievements.
1
Our life support and environmental control systems for Harrier and Tornado fighters enable pilots to operate at maximum efficiency under extreme combat conditions.
2
We supply corrosion resistant filters for the air regeneration systems of nuclear submarines.
3
Every year hundreds of thousands of holidaymakers cross the English Channel in hovercraft built by British Hovercraft, a Westland Group company.
4
We are specialists in actuation and launching systems for airborne guided weapons.
Make no mistake though, we're proud of our helicopters.
After all, we lead the world in composite rotor blade technology, and currently hold the helicopter world speed record because of it. It was also crucial to the development of the new EH101 helicopter, in which the Ministry of Defence has recently placed its faith (and its order).
What's more, our partnership with Sikorsky and Fiat (both minority shareholders) is already generating 500,000 hours work – and that's set to quadruple over the next five years.
So, whilst there are difficulties still ahead and tough decisions yet to be made, we're certain that the long term future of Westland is now assured.
Westland. It's twice the company you've been led to believe.
Westland Group

BUSINESS LAW

Recapitalisation as an alternative to leveraged buyout

BY LEO HERZEL AND RICHARD W. SHEPRO

IN POLITICS, timely reform may sometimes forestall revolution. But reform can also be the destabilising force that makes revolution easier. Corporate managers face a similar paradox with the leveraged buyout: it is a reform that can lead to revolution.

For managers the purposes of a leveraged buyout are to forestall a hostile takeover and obtain a bigger share of the profits. As their share of the reformation, public stockholders are given cash; the premium over market price is, on the average, in the neighbourhood of 50 per cent, approximately what it would be in any other kind of takeover. The equity in the *new company* is shared among the manager and institutional investors.

But the cash that goes to the public shareholders puts a price on the company. Once that happens, as a practical matter, defence against takeover becomes impossible. The company is up for auction. Managements have an intrinsic conflict of interest in leveraged buyouts and courts have recognised this. Legal rules, therefore, make defences against competing bids (poison pills, lockup options and the like) highly unlikely to succeed and very risky legally.*

This likelihood of revolution is the main impediment in the development of the leveraged buyout. It is difficult for investment banker proponents to convince managers to take that risk unless a takeover is considered imminent.

Another problem is that many managers prefer a public company. They do not like the *prospect of close supervision* by their new partners in the leveraged buyout who almost always end up with a majority of the equity.

Furthermore, the high leverage and thin equity puts important practical restraints on what management can do with the new company. They can also cause serious legal problems. A US federal court recently treated a leveraged buyout financing as a *fraudulent transfer, invalidating* the lenders' liens.†

Investment bankers who *design and sell* leveraged buyouts to managements have a very *strong* economic incentive to find solutions to these problems. Recapitalisations are one attempt to produce a better investment banking product. Although the details of a recapitalisation can be very complex, the key elements are simple. Managers (and, sometimes, other members of a new control group) keep their shares or receive *new stock* that gives them practical control. The public stockholders receive a substantial amount of cash, compared to the prior market value of their stock, but, unlike a leveraged buyout, they also keep a significant equity position in the recapitalised company.

Two recent examples are FMC Corporation and Anderson, Clayton and Co. Last year FMC *proposed a recapitalisation that* would have in effect given public stockholders $70 cash and a share in the recapitalised company for each share. After stockholders sued, claiming inadequate consideration, FMC increased the cash payment to $80. (As an offshoot of the Boesky insider trading scandal, *FMC is now suing Boesky and* several investment bankers to recover the $10 increase in price).

The old shares had been trading at $66 before the recapitalisation was announced. Management and two employee benefit plans exchanged each of their shares for 5.667 new shares and a third employee plan received $25 and 4.209 new shares. In the end management *and the employee plans* together boosted their share of FMC stock from about 19 per cent to approximately 36 per cent.

Anderson, Clayton announced a similar plan in April last year under which it was to become highly leveraged, with all stockholders receiving $37 in cash and a new fractional share of *common stock.* (The *stock* closed at $53¾ the day before the announcement). At the same time, *new stock* representing 25 per cent of the company was to be issued to an employee stock ownership plan, giving management, employee plans and the founding family, combined, a majority interest in the company.

As happened to FMC, the recapitalisation plan was attacked in some stockholder suits. But, far more important, a hostile bid emerged a few days before the *stockholders* were to meet to vote on the plan.

After a hard-fought five-month takeover battle involving several bidders, a revised company plan and two court injunctions, Anderson, Clayton was finally bought in October by The Quaker Oats Company for $66 cash per share.

In response to attempted takeovers, Phillips Petroleum, CBS and Union Carbide achieved results *somewhat* similar to FMC's through debt-financed stock repurchases. Diamond Shamrock has just announced a similar defensive plan against an offer by a Boone Pickens group.

Recapitalisations appear to solve a number of the problems of leveraged buyouts hence *their attraction. Despite* Anderson, Clayton's experience, recapitalisation plans are probably less likely to be outbid than are leveraged buyouts.

Moreover, having more equity available means there is less need to bring in private investors and lenders who might exercise control over management. And since there *is* more equity, there is also less chance that a court would find a *fraudulent transfer.* (*It is noteworthy*, however, that from an accounting standpoint FMC ended with a negative net worth because it had many assets on its books at a low value).

On the other hand, in recapitalisations, managements still have a conflict of interest. If a better offer should come along, management cannot blindly resist. This much was made clear in the litigation over the *proposed* Anderson, Clayton recapitalisations.‡

In some situations, giving stock to an employee stock purchase plan can be helpful. Stock is sold to the plan and gradually transferred to the accounts of individual employees as they earn their participation. The plan pays for stock by borrowing from a bank with a guarantee by the company.

There are *some* important tax advantages in this arrangement: for example, the loan is paid off by tax deductible company contributions. Employees are far more likely to support management than public stockholders if they have to vote in a proxy fight or to decide whether to tender their shares to a competing bidder.

In some cases the plan's trustees, often, in theory, management allies, vote and decide whether to tender the shares that have not yet been allocated to individual employee accounts.

Frequently, however, because of strict fiduciary rules, this *alliance breaks down* in the face of a high premium cash offer.

Like leveraged buyouts, recapitalisations make it possible for managers to compete in the takeover market by paying public stockholders high premiums. In addition, recapitalisations leave public stockholders with large equity positions and therefore solve some of the strategic, economic and legal problems associated with leveraged buyouts. But when the price is too low, there is *still* competition from outside bidders.

So far, we have not mentioned three very important types of recapitalisations: reorganisations under Chapter 11 of the US bankruptcy law; insolvency recapitalisations outside bankruptcy with the co-operation of major creditors (International *Harvester and Massey Ferguson* for example); and recapitalisations which involve the creation of separate classes of common stock with different voting rights.

All of these are very important Chapter 11 creditor recapitalisations, however, have very little connection with leveraged buyouts. And recapitalisations that use separate classes of common stock with *different voting rights* involve so many special legal and economic issues we will discuss them in a separate article.

* *Hanson Trust plc v ML SCM Acquisition, Inc, 781 F2d 264 (2d Cir 1986); Revlon Inc v MacAndrews & Forbes Holdings 803 F2d 1388 (3d Cir 1986).*

† *US v Tabor Court Realty Corp 803 F2d 1388 (3d Cir 1986).*

‡ *In re Anderson, Clayton Shareholders Litigation, No CA 8387 (Del Ch June 2 & 10 1986) (unpublished opinions).*

The authors are partners in the Chicago law office of Mayer, Brown & Platt.

MANAGEMENT : Marketing and Advertising

Privatisation in France

CGE's son et lumiere show

BY PAUL BETTS

TODAY, Compagnie Generale d'Electricite (CGE) will launch—from the top of the Eiffel Tower—a flashy television campaign which will blend the vision of Jules Verne with the science fiction of Steven Spielberg.

The French multinational telecommunications and heavy engineering group is to spend FFr 45m (£4.6m) on publicity for its privatisation, only the second involving a major French state-owned industrial group.

Last autumn, the conservative government's privatisation programme kicked off with the St Gobain pipes and glass conglomerate; whereas St Gobain spent FFr 47m on a down-to-earth no-frills campaign, CGE has decided to go all out for the American show business approach using ideas from the French 19th century science fiction writer and the American producer of such films as "ET" and "Close Encounters of The Third Kind" as inspiration for the theme of "The Spirit of Conquest."

Although well known among French and international financial institutions, CGE has up to now suffered from an ambiguous and opaque public image in France. "Our problem is that many people simply don't realise that CGE is not just a financial holding company but one of France's largest industrial groups," says Patrice Allain-Dupré, CGE's communications director, the man behind the privatisation campaign. "For this reason we wanted to highlight the achievements which have turned CGE today into a group with annual sales of FFr 130bn employing 240,000 people in 80 different countries."

"The idea was to stress the industrial stars of our group like the high-speed train, the 'train a grande vitesse' (TGV) or the Minitel videotex terminal which has become a major success in France and is used by an increasing number of telephone subscribers," explains Allain-Dupre. For example, the television campaign to promote Minitel is based on the Jules Verne notion of "Around the world in 80 seconds" with a Spielberg ET-type flying saucer.

Paul Suard: unaccustomed to stage appearances

But CGE's inventive campaign also reflects the high stakes for the company and for the French Government which this particular state sell-off involves. Indeed, the CGE privatisation has long been seen as representing the biggest challenge so far for the French Government's privatisation programme. It is also generally regarded as the most speculative in the programme which—apart from Saint Gobain—has included the highly successful sale of the Paribas banking group, and the current privatisation of the CCF banking group.

The CGE privatisation comes at a time when the large French multinational is in the process of absorbing its new telecommunications joint venture with the US ITT which has created the world's second largest telecommunications group after American Telephone and Telegraph. Apart from the telecommunications deal and its risks, CGE is also present in a number of difficult industrial sectors like shipbuilding, railways and nuclear energy.

For this reason, CGE has sought to emphasise in the campaign that although the group may be in the throes of complex restructurings, mergers and difficult industrial sectors, it is a leader in many of these fields. Moreover, it has also underlined the overall profitability of the group; last week it reported a 45 per cent increase in consolidated net earnings to FFr 1.72bn last year compared with FFr 1.19bn the year before.

The flotation — which is planned for May 11 and is expected to raise FFr 8bn-FFr 12bn — will coincide with a record new equity issue which is expected to raise a further FFr 5bn-FFr 7bn. In all, after the combined flotation and equity issue, CGE's total number of outstanding shares will amount to between 47-51m.

"That's a lot of paper," remarked a merchant banker advising CGE. "However, we expect strong demand for the shares."

The company is particularly keen to persuade its employees to subscribe to its shares.

The privatisation campaign has been preceded by a corporate public relations campaign for the French and international financial community and the business press. This has involved CGE chartering a Boeing 727 and flying financial journalists and analysts around its far-flung industrial empire.

Its whistle-stop tour of some of its diverse operations took in Alcatel's space communications operations at Toulouse in the south, then back north to Belfort where, among other heavy capital goods, Alsthom is building railway engines for China. The same day, the jet went to Stuttgart for a visit to Standard Elektrik Lorenz, the large West German ITT subsidiary which has now come under CGE control.

At Stuttgart and later in Salerno in southern Italy, Pierre Suard, the CGE chairman, explained the reasons why CGE was confident its investment in the ITT telecommunications businesses would pay off.

CGE's campaign for the Minitel bears a close resemblance to Steven Spielberg's ideas

But after this tour de force, Suard was also the star of another big performance for CGE's internal management staff. On Monday, the company gathered together 4,000 management cadres in the Palais des Congres, the big congress hall in Paris. Suard appeared on the stage surrounded by his "barons," as the heads of CGE's main industrial subsidiaries are popularly known, to answer questions from two journalists on the group's imminent sell-off. Films, a video-show, music, all gave the occasion the atmosphere of an election campaign.

Barely a year ago, Suard would probably never have expected to be performing on the same stage where Liza Minelli is due to hold a concert next autumn. He was appointed chairman of CGE last July after the French conservative government decided to replace Georges Pebereau, who negotiated the deal with ITT.

Unlike the urbane and worldly Pebereau, Suard was hardly known by the French public at large when he took over at the top of CGE. The head of the Cables de Lyon subsidiary, Suard was one of the CGE industrial barons with a tough, no-nonsense approach, preferring to stay out of the limelight rather than holding centre stage.

All this has now changed. Suard has had to adapt to his new role at the top of the multinational group and to the needs of the campaign to privatise CGE. Although at first somewhat stiff, he has increasingly relaxed in his new role and appeared on Monday to be quite comfortable in front of the spotlights.

But the performance at the Palais des Congres this week was not just an exercise in show business. Under French privatisation laws, up to 10 per cent of CGE's shares can be offered at preferential prices to company employees. This involves a 20 per cent discount if employees hold on to their shares for at least two years and a five per cent discount if they are sold before.

However, CGE is taking the employee share ownership incentives one step further by offering to all its French employees a 30 per cent discount if they subscribe to shares and place them in a CGE unit trust for five years. "If a large number of our French employees subscribed to the unit trust scheme, it could become the single largest shareholder in the company with 3-4 per cent of CGE shares," Suard remarked. Indeed, unlike in the case of privatised banks, there will be no hard core group of large investors for CGE, although about four major French banks, including Société Générale and Crédit Lyonnais, are expected to end up holding between them about 10 per cent of CGE's capital.

Apart from the 10 per cent reserved for employees, 20 per cent will be offered to foreign investors abroad as has been the case with other French privatisations. CGE is expected to have little problem in placing this 20 per cent foreign share allotment with private and institutional investors.

As for the small French shareholders who have shown an increasing appetite for investing in the bourse and in privatised companies, CGE will not only seek to lure them with its Verne cum Spielberg campaign but also with one of its own products, the Minitel videotex terminal. Ordinary French telephone subscribers with a Minitel (already more than 2m terminals have been installed in France) will be able to play the CGE privatisation game by punching a code on their terminal. This will involve questions about CGE and subscribers will be able to win prizes.

"The idea is to interest people in CGE and its activities. Originally we wanted to give a free share as a prize but we were not allowed to for legal reasons," says Pierre Bilger, CGE's financial director.

Exporting theatre to expatriates

Angela Dixon on an unusual marketing venture

"SPONSORS ENABLE us to provide the quality of work that we do," says Derek Woodward. "It would be impossible without them."

The "work" Woodward is talking about is theatrical productions, such as his version of the highly acclaimed play, "Educating Rita." But these are not productions designed for the repertory theatres in Britain; his market is the expatriate community of the Gulf and Far East and his stages are to be found in Dubai, Abu Dhabi, Bahrain, Muscat, Bangkok, Singapore and Kuala Lumpur.

Woodward stresses that his company, Cafe Theatre, is "a marketing operation." Having acted upon his belief that there was a largely untapped audience for reasonably serious cultural offerings throughout the expatriate world, he set about establishing a professional touring venture.

Financing was the first element to be tackled. Two-thirds of the necessary funds—£60,000—he put up himself. The remaining £30,000 came from Richard Evans, a businessman with an interest in the arts—but who also happened to be Woodward's brother-in-law. Evans had sold out his company, RE Ventures—which specialised in computer software for the automotive, oil and defence industries—to Lockheed in the US for $130m.

But when the initial financing needed to be augumented, Woodward, who had both a theatrical and marketing background, turned to sponsors.

All lighting, furniture, props, stage sets—all one and a half tons of them—are air-freighted by Air Lanka. The eight sponsors include internationally-known names like Pirelli and Mobil, together with a Dubai-based enterprise, Al Futtaim, and Gargash Enterprises. Most sponsors put up about £6,000.

Apart from the satisfaction of supporting a cultural venture, sponsors get exposure like logos and company names prominently displayed on programmes and posters, says Woodward.

The expatriate community is substantial; Dubai has an estimated British population alone of 20,000, while Dubai has 6,000. But Woodward is realistic about audience sizes. "We base our calculations on an estimate of 250 seats per performance," he says.

Woodward's background includes the Royal Academy of Dramatic Arts, which he sandwiched between two stints in marketing, the second time in the highly-successful promotion of Highland Spring mineral water. There then followed a period in Bahrain marketing frozen chickens.

Cafe Theatre aims to provide entertainment in an informal and relaxed atmosphere, in the case of Dubai at the Sheraton Hotel; play-goers have the choice of seeing a play with or without dinner beforehand.

Derek Woodward: from frozen chickens to Cafe Theatre

Woodward auditions his actors in London, following this with a four-week rehearsal in London and one week in the first overseas destination. Also, "we require three days of rehearsal at each new venue before the first night. The cast have to accustom themselves to a new place; the set has to be erected and the lighting has to be rehearsed."

There are certain constraints on the choice of play. For example, large casts are out. And Woodward is concentrating at present on comedies, such as Educating Rita, but also the Odd Couple. "We try to find a play with a little difference," says Woodward.

Next year, Woodward plans to take Cafe Theatre to Bombay, and he also has plans to go to Peking, South Korea and Kuwait. He expects the venture to go into profit by 1989. And he also has plans to try out the venture in Britain, where he reckons that Cafe Theatre would make "good sense" in hotels.

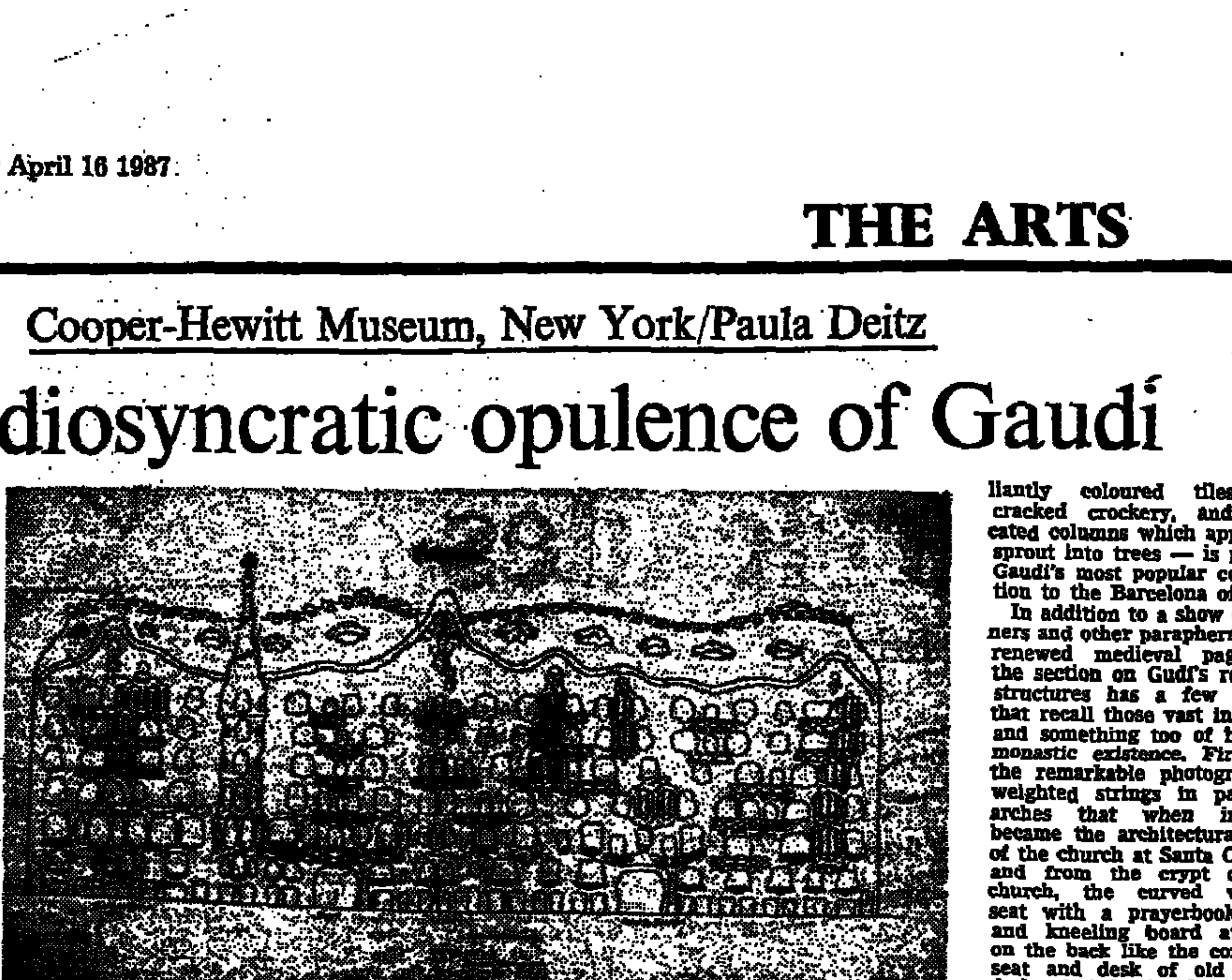
Appointments Wanted

THE ARTS

Cooper-Hewitt Museum, New York/Paula Deitz

The idiosyncratic opulence of Gaudí

After a time, the design and decor of a familiar gallery may recede from visual prominence as one returns over the years to view changing exhibitions. Not so, of course, of small museums like the Frick collection, where Henry Clay Frick's own choice art works on permanent view are part and parcel of the Fifth Avenue mansion's 1914 interiors. But Andrew Carnegie's mansion, another survivor of New York's earlier domestic splendour, has since 1977 as the Cooper-Hewitt Museum (the Smithsonian Institute's National Museum of Design) hosted a range of such diverse and sometimes elaborate exhibitions — including Japanese design, Hollywood films, a history of lace and the architecture of Alvar Aalto—that its rooms seem to disappear behind the periodic transformations.



Facade elevation of Casa Milà, Spain by Gaudí

However, its series of ornate 1902 salons, with stained glass ovals from the Tiffany Studios, and its high glass conservatory overlooking a small park, make an unforgettable blend with the current show "The Catalan Spirit: Gaudí and His Contemporaries (until June 9). New York may be a long way from Barcelona, but where wealth and civic pride were concerned, there was a similar mode of expression at the turn of the century—an idiosyncratic opulence rooted in the past, yielding a grandeur that has not been known since.

One wonders what might have happened to New York had a certain American businessman succeeded in 1908 in building the gigantic hotel he commissioned from Gaudí. No doubt the thoroughness of Gaudí's forceful design—combining a cluster of parabolic spires with wavy facade elements below, borrowed from his apartment house masterpiece, the Casa Milá—would have made some of the city's recent post-modernism appear very thin indeed. Nevertheless, the ongoing concern here with historicism, though it may only be skin deep in comparison, makes this a ripe time for reviewing the extraordinary architectural events that took place in late-19th and early-20th century Barcelona during the Catalan cultural renaissance.

Any exhibition that begins with a mural-size map of the city is off to a good start because spaces and distances can be visualised. In the case of Barcelona, it is important to see what happened when Cerdà introduced a grid plan in 1858 extending the city limits way beyond the old town after the medieval walls were demolished. The corners of all the city blocks are chamfered, which opens up the intersections into plazas and encourages buildings that round off at the corners.

Once the Catalan language was revived in the 1830s, a new regional pride took hold, and leadership in all fields looked to their only great autonomous period in history, the Middle Ages, for cultural examples. Fortunately, when it came to the building arts, the contemporary artisans had retained the old techniques. It was left to the architects who became steeped in both the local Gothic and Romanesque styles to make something new reflecting these values and traditions, and two events made this possible: the founding in the 1870s of the Barcelona School of Architecture and an affluent and enlightened patronage, due in part to the burgeoning textile industry.

Although this exhibition, which covers the years 1880 to 1920, is modest in size with 100 works on paper and 50 objects, the careful juxtapositions have an uncanny way of making the drawings, photographs and decorative furnishings merge to give a sense of the real scale. Its purpose may be to show similarities in the individual flamboyant styles—and this is true in a series of photographs of flat laminated vaults by various hands with bricks laid edge to edge in the old way. But where Gaudí came in, using the same lustrous tile mosaics, curving façade features, draped wrought iron and stone columns as others, the results had a wild twist of the imagination that gave his work a primitive originality albeit with an overlay of wit and sophistication. On this side of the Atlantic, one thinks of Frank Lloyd Wright as the real comparison—working alone but with other architects as disciples.

Evidently in Barcelona itself, the differences were apparent on fashionable Passeo de Gracia, called locally the "Block of Discord," because Gaudí's Casa Batlló was cheek by jowl with Puig i Cadafalch's Casa Amatller, a Gothic palace with a medieval gabled Flemish-style roof, and only a few doors away from Domènech i Montaner's Casa Lleó Morera, a rounded corner house in a more blatant European Art Nouveau style. Each of the houses is given its due inside and out in one gallery, where sample furnishings and facade photographs are set side by side.

One detail tells the whole story. The patron saint and hope of Catalonia was St George, depicted elsewhere in the city in his conventional stance. But Gaudí makes the whole roof line of the Casa Batlló the ridged and scaley back of the dragon the very moment he is speared with St George's cross, on the tower at one end. Movement is suggested by the shimmering iridescent blue-green surface of the facade, which, draped in superimposed boney masses and mask-like balconies, has a genuine life of its own. Among the chairs and doors that match these organic shapes is an enormous gilded drapery clasp that sends out the message that Gaudí's special forms are represented in every last detail.

Parabolic brick arches on Casa Milá's top storey also determined the shape of its roof which looks, with its various decorated and crowned chimneys and ventilation stacks, like an undulating chessboard. And hung across the balconies of this apartment house are strands of naturalistic seaweed in wrought iron designed by Jujol — a photograph of this at the Cooper-Hewitt is enhanced by having nearby, in the jungly conservatory, the real iron gates in the palm frond pattern originally from the Casa Vincens but usually installed now at the Park Güell. Among the many rich and liberal opportunities the Güell family gave Gaudí, the creation of this park — with its continuous serpentine bench, encruster with brilliantly coloured tiles and cracked crockery, and rusticated columns which appear to sprout into trees — is perhaps Gaudí's most popular contribution to the Barcelona of today.

In addition to a show of banners and other paraphernalia of renewed medieval pageantry, the section on Gudí's religious structures has a few articles that recall those vast interiors, and something too of his own monastic existence. First, the the remarkable photograph of weighted strings in parabolic arches that when inverted became the architectural form of the church at Santa Coloma; and from the crypt of this church, the curved wooden seat with a prayerbook shelf and kneeling board attached on the back like the combined seat and desk of old school desks. And finally, the majestic 14-branch wrought iron candelabra from the Sagruda Familia, so tall it has its own steps; and during Holy Week vespers one candle at a time was removed until in darkness only one candle reappeared.

In the disciples' work that follows, no one captured Gaudí's form and fantasy as well as Masó i Valenti did in his 1909 drawing of an inkwell in the shape of a small structure with a tower and a cross. But like others, Masó eventually changed his style to reflect the new ideas from Vienna, completing the story as told by guest curators George R. Collins and Judith C. Rohrer, the editor and translator respectively of the American edition of César Martinelli's *Gaudí*.

Not in the exhibition is one of Gaudí's earliest but no less complex houses called El Capricho, in Comillas, known for its alternate banding of yellow brick work and fanciful tiles, either bright green or with yellow and brown sunflowers, above a rusticated base. Its porch, supported by four leaning columns, is topped by a minaret-like tower with a cupola of reversed stepped brickwork and tiles supported by twisted wrought iron. This is a Moorish fairytale house. One reason to write about architecture is that in doing so one comes to own it, after a fashion, in detailed images. But for anyone who sees the exhibit and wishes to make a more substantial commitment, El Capricho is for sale, at only £390,000.

When Did You Last See Your. . .Trousers?

Claire Armitstead

Ray Galton and Alan Simpson used to write funny stuff, but anyone who goes to the Garrick expecting the wit of *Hancock's Half Hour* or the off-beat humanity of *Steptoe and Son* will be sadly disappointed. The catch, perhaps, is that this is not really Galton and Simpson at all, but Galton and John Antrobus, with Simpson jointly credited with storyline (storyline?). The result is a sub-Aldwych farce which is pretty much true to its title: trousers are dropped, lost and otherwise engaged; there is a drag scene, a debagged policeman scene, an au pair girl (Danish — the feed line early on for a joke about cheeses), and even an ammensiac Home Secretary.

It all takes place in the Knightsbridge flat of the glamorous Penny (Susie Blake) whose night of nookie with her bookmaker lover turns to merry hell when a thief creeps in through her bedroom window and steals, you guessed it . . . his clothes. Cue a frantic hunt for replacements involving a burglary of the flat next door, a ring-around which brings into the picture Jimmy (Gavin Muir) —a cross between a rainbow and a loo brush—au pair girl (Lia Williams—in bright blue wig, at which point the Danish blue joke finds its tail) and a dipsomanic army type, whose entrance, courtesy of Terence Longdon, provokes a spontaneous round of applause.

Even putting aside reservations about the play itself, Roger Smith's direction lacks the precision timing vital to this sort of farce, and the staging (on a collectors' thirties set by Sean Cavanagh) is so littered with sloppy detail that it becomes at times a game of spot the inconsistency—witness the broken window that reflects the goings on for all the world as if there was still a pane of glass in it. The second act does, it is true, improve with the help of an audience lubricated in the interval. There is a relatively funny moment when a confused gorilla-gram pulls an A to Z out of his chest and dons specs to read it.

William Gaunt, as bookie Howard, has a happy knack of looking severely discomfited while standing stock still; he also has a rather shapely pair of legs, which are shown to advantage under a black velvet mini-dress throughout most of the second act. Susie Blake spends a large part of the evening looking like an advertisement for Janet Reger (in the circumstances, a compliment) while the portly Michael Sharvell-Martin and Tom Marshall earn brownie points for being game for a laugh in a show which, due to the bankability of a large dose of innuendo and a few familiar names, will probably tuck up for the tourist season.

Otello/Covent Garden

David Murray

New in January, Elijah Moshinsky's production of *Verdi's Otello* has been revived by Richard Gregson with new principals and Edward Downes as conductor. Downes was predictably swift and energetic where appropriate (if disinclined to pause for breath—the drunken revels of Act 1 plunged along without much dramatic indentation); the quieter music was smoothly sympathetic, but the singers were rarely at their best in it. There is little visibly telling detail, and Robert Bryan's lighting is too crepuscular—presumably for the sake of Veronese effects—to suggest the Aegean even for a moment, or even to disguise the basic set for different scenes.

The Russian tenor Vladimir Atlantov has a fine, brazen ring, thrilling in the "Esultate!" and excellent in general for the hero-as-distinguished-soldier. He cuts a virile and dignified figure, forceful enough to compensate for eccentric Italian and a very Russian freedom with Verdi's rhythms. His soft singing is less remarkable, but the death scene was properly moving. There, too, Rosalind Plowright's Desdemona began to be affecting. In the Jonathan Miller *Othello* for the ENO I thought her well-meaning guilefulness at odds with the radiant innocence Verdi's heroine requires, and there is still a bit too much of that for comfort (not to mention a certain unreliability about her vocal production which causes the wrong sort of anxiety).

Sherrill Milnes is an active Iago, but more of a cipher than that evasive character needs to be. In the "Credo" his mind seemed to be altogether elsewhere: if some point was intended, it eluded me. Act 3 found him in much fuller voice; the great ensemble at the end, however, just missed the steady tragic pulse that should make it build to a great height. Robin Leggate returns from the old production as Cassio, still defencelessly decent, this time a little bemused by the arbitrary wanderings on which Iago takes him. Robert Lloyd made an imposing Lodovico; for the remaining performances the role will go to Gwynne Howell.

Rosalind Plowright and Vladimir Atlantov

Trois Contes/Grand Theatre, Tours

Ronald Crichton

Maurice Ohana's *Trois Contes de l'honorable fleur*, first seen at the Avignon Festival about 10 years ago, is a one-acter in three scenes, using three oriental-type tales of her own invention for soloist, mimes and chamber orchestra, by Odile Marcel. Music theatre if you will, but this very handsome new production by Michel Jarry, artistic director at the Tours theatre, avoids the drearier aspects of the genre with smiling grace.

Nothing makeshift, messy or muddy. The clean lines and restrained but definite colours of Jean Maillot's elegant decor, costumes, dragon-masks, scrolls and banners are a lesson in economical designing. The tales —"Ogre eating young girls by moonlight," "The East Wing trapped in a sack" (during which Honourable Flower is tormented by capitalist monkeys wearing bowler hats) and "The rain returned to the sky" are recited in a mixture of song and speech alternately in French and invented language. The music ranges from tiny whispers and tinkles to descriptive passages of graphic suggestiveness. At either extreme, the sounds are crystalline, fastidious, precisely organised.

Yumi Nara, a soprano supple and untiring in voice and movement, was the soloist. A certain sameness of vocal colour, presumably intentional, contrasted interestingly with the kaleidoscopic score. The instrumentalists, drawn from the theatre's orchestra, on stage but half hidden, were directed by Daniel Chabrun. The four unusually expressive mimes were Elisa Toledo Todd, Patrizia Bellieni, Sandra Bussoli and Christine de Villepoix.

The enterprising double bill was shared with another new production. Boieldieu's two-act opéra comique *Les Voitures versées*, a product of his years in St Petersburg, was revived several years later for Paris and given there with success in 1820. An enjoyable, piece, full of happy musical invention. Boieldieu, who lived for a time on the boulevards in an apartment directly above Rossini, knew how to write for voices and expected good ones. Unfortunately his works are seldom revived today on a level where such luxuries may reasonably be expected.

Jacques Trigeau took the central role of Dormeuil, an Angevin landowner whose acute longing for Paris goads him to leave the road past his gates in such disrepair that carriages frequently overturn there, decanting travellers into his hospital chateau to entertain him with city gossip, while he watches and discreetly controls their amorous intrigues.

Ana-Maria Miranda sang, with more aplomb than sweetness, the leading soprano role of the young widow, Madame de Melval. To her and to Trigeau fall the duet-variations on "Au clair de la lune" performed, out of respect for the taste of the day, in Italian. The most stylish and musical singing came from the tenor Léonard Pezzino as Armand, a young man who wins the prettiest of Dormeuil's three giggling nieces. Boieldieu needs good comedians as well as good voices. Alas, this production by Bernard Broca, full of smirking capers and village-hall mugging, only showed how elusive the comic spirit can be.

Die Soldaten/Stuttgart

Andrew Clark

For an opera that has never been staged in the way the composer intended, Bernd Alois Zimmerman's *Die Soldaten* has fared remarkably well. Its status as the outstanding post-war German work for the musical theatre remains unchallenged more than 20 years after its first performance, a view that is considerably enhanced by a new production at Stuttgart, staged by Harry Kupfer and conducted by Dennis Russell Davies.

This latest encounter with the opera underlines that it may in fact benefit from having to observe conventional operatic confines rather than operate through the medium of "total theatre" as envisaged by the composer. Kupfer remains true to Zimmermann's ideal by dividing the stage into several playing areas, using spotlight and freeze to link diverse action, dialogue and thought. The entire cast remains on Wolf Münzner's permanent three-level set throughout the performance. Only in the closing scenes does Kupfer exploit the full resources of his medium by combining amplified sound effects in the auditorium with film clips and black-and-white stills on stage screens, while Marie—sung with humanity and exciting coloratura flourish by Nancy Shade—undergoes the final act of moral and physical degradation.

Up to that point an atmosphere of 18th century decadence has reigned in the display of wigs, military uniform and social attire. But the final images — Nazi salutes, the collapse of stage apparatus and a tank rolling into view — bring the iconoclastic message uncomfortably up-to-date. Although it seems a characteristic Kupfer jibe, the theme of ugly militarism and its threat to contemporary civilisation falls within *Die Soldaten's* metaphorical scope and accords with its finely calculated expressionist language. The whole production showed Kupfer at his brilliant best, finding the right theatrical language for every nuance in the written text.

It was a very musical production, too — beautifully sung (especially in the wordless vocal parts of the seduction scene), and confidently articulated on stage and in the pit. There were spirited contributions from Raymond Wolansky as Major Mary, Michael Ebbecke as Stolzius and William Pell as Desportes. The role of Wesener's mother was sung by none other than Grace Hoffmann, still proud of voice.

Davies' command of the medium revealed the orchestral score as a virtuoso display piece, and offered a welcome reminder that serial music can have just as vivid a dramatic vocabulary as its predecessors, especially when it calls on the vibraphone for atmospheric effects. This was Davies' last production at the Württemberg State Theatre before he moves on to the more conservative climate of Bonn next season. His championing of contemporary music has done Stuttgart a service these past seven years, and his success with *Die Soldaten* suggests it is time the more progressive companies outside Germany tried it.

Book Review/Clement Crisp

From Bakst to Bertaux

The Thyssen Bornemisza Collection: Set and Costume Designs for Ballet and Theatre by Alexander Schouvaloff. Sotheby's Publications, £47.50.

Recently Antony Thorncroft wrote about the magnificence of the Thyssen-Bornemisza art treasures. He mentioned in passing the acquistion of some Bakst stage designs, and in *Set and Costume Designs for Ballet and Theatre* Alexander Schouvaloff, Director of the Theatre Museum, has provided a detailed and opulent catalogue of Baron Thyssen's collection.

Fifty-six drawings are under consideration, ranging from Bakst at his best to such minor figures as Lucien Bertaux and Jacques Manuel. Each example is fully discussed, and the whole assemblage of work is put into perspective by means of a sympathetic introduction. The preponderant weight of the book falls upon 22 designs by Bakst — and one fake Bakst whose failings Schouvaloff analyses with clarity — which are the key to the collection.

These range from a superb *Awakening Scene* backdrop for the *Sleeping Princess*, which was never used, to an almost abrupt sketch of the Fée Mélusine in *La Pisanelle*, that seems to have been dashed off as a working drawing to be polished later in the studio. Of prime importance are three wonderful Benois settings that demonstrate the master's unfailing command of architecture in the theatre: they offer a bold view of the Neva quays, a fantastic transformation act-drop which portrays an imaginary city, and an enchanting town square into which one feels one could happily and easily step.

Alexandra Exter's design for the costume of a courtier in black

No less admirable are five costume designs by Alexandra Exter, a major talent whose significance is here made very clear.

In the light of these capital pieces, much of the rest of the collection looks indifferent. There are works by Erté and Georges Barbier (including two appalling pastiche rococo outfits whose inadequacy Schouvaloff highlights by also reproducing authentic eighteenth century designs), and trumpery revue costumes by Lucien Bertaux and José de Zamora. These not only sit oddly with the major items in the catalogue, but suggest an underlying dilettantism about acquisitions. There seems no point of view to the collection, no thematic argument other than the purchase in recent years of designs that happened to arrive in the sale-room.

The collection appears haphazard, represents neither of the Diaghilev Ballet, Russe, nor of its successors, nor of the great stage designers (Bérard, Berman) who so enhanced the stage in the middle years of the century. The book is handsome, scholarly, but a sadly incomplete view of a true 20th century art.

*

Clement Crisp and Mary Clarke have just produced a book to co-incide with the current television series *Ballerina*. Published by BBC Publications, the book *Ballerina* costs £14.95.

RPO/Festival Hall

Dominic Gill

The contrast between Sunday's LPO concert under Jesus Lopez-Cobos and the Royal Philharmonic Orcestra's concert on Tuesday night under Paavo Berglund was instructive. Both were of solid technical achievement, although neither was an outstanding orchestral tour de force; but the first remained almost wholly unyielding, wooden in its expressive movement, stubbornly earthbound; while the second, under Berglund, took off from its opening bars, stayed strong and buoyant, underpinned by a splendid high-voltage charge, to the last.

Elgar's *Cockaigne* will probably never claim a place as my favourite overture, but Berglund's account was uncommonly persuasive—gentle, exuberant, luminously textured, bubbling with energy: the most tasteful translation into music of that quintessential ". . . good humour, jollity, and something deeper . . ." which I've heard from a British orchestra for many seasons.

The soloist next in Rakhmaninov's third piano concerto was the Cuban - American Horacio Gutierrex — who is always good value in the virtuoso romantic repertoire and showed us on this occasion his most sparkling form. It was an unusually fine-grained performance, at its best of magical steadiness and elegance, in which nothing was overblown, and neither either skimped or passed over. Difficult to decide which gave the greater pleasure: Berglund's meticulous accompaniment, reflecting every nuance of Gutierrez's phrasing; or Gutierrez's own easy, glittering command.

The RPO and Berglund ended their programe with Beethoven's fourth symphony: coolly unfussed, sturdy, delivered with easy fluency and an admirable clarity. The instrumental textures were not by any means always perfectly defined: but the occasional roughnesses never once detracted from the flow of energy and high good humour.

Litton/Elizabeth Hall

Richard Fairman

This was the second in the English Chamber Orchestra's short "Dawn of Romanticism" series. The idea behind the programmes is to set a familiar symphonic work in the context of its period by grouping alongside it a cluster of lesser-known pieces from about the same time, a scheme which brought us on this occasion Schumann in the company of Hérold and Hummel at their most frivolous.

In effect, the series title is little more than a convenient label. Away from the drawing-room, where they felt freer to explore new paths in their songs and piano pieces, the lesser composers of the early 19th century can sound very unadventurous in their musical language. Yet that is no reason why a selection of their concert pieces which is well chosen, as this was, should not still be thoroughly enjoyable.

As a rousing and uncomplicated introduction, the boisterous Overture to Hérold's *Zampa*, under the lively direction of Andrew Litton convincingly bubbled over with high spirits. The keen pointing of rhythms also served well in Hummel's *Introduction, Theme and Variations* for oboe and orchestra, which is even more soundly based in the classical style, every rippling scale given here with delightful wit by the soloist, Neil Black.

The only item that could be termed truly romantic (in the fuller sense of the word) was the aria "So schlummert auf Rosen" from Schubert's *Lazarus*, one of a group of solos that Ann Murray delivered with her usual fine, understated sensibility to line and mood. The way the harmony of this music feels its way through disturbing shifts of tonality shows Schubert far ahead of the contemporaries that we heard here, even though this work dates from as early as 1820.

After the interval came the anchor work in the form of Schumann's *Spring Symphony*. There were some rough edges in the string playing of this performance, aggravated perhaps by the exposure of the players in the hall's new open layout, but eager direction kept the momentum pushing ahead, noticeably so as the pace jerked up a gear at the ends of movements. There was no lack of spring in the physical sense either, with the conductor fully leaving the podium at one point in his enthusiasm.

Saleroom/Antony Thorncroft

Galle's glass has mixed appeal

Emile Gallé is the leading exponent of art nouveau glass making, and one of his more famous creations, a carved and acid etched blowout table lamp, sold for £44,000 at Christie's yesterday. The technique used to make it was complex, with the heated glass blown into a mould to give the required shape and shallow relief, and then polished and carved. This one is decorated with cherries.

But the leading lot in the auction, "Lucane," a coupe on stand by Gallé, 20.5 cm high, coloured amber, and carved with a stag beatle among oak leaves and acorns, was unsold at £55,000, even though the low estimate had been £50,000.

In the morning session of a post-1880 decorative arts auction a gouache, on stiffened paper, by Alphone Mucha entitled 'Bière de la Meuse" sold for £26,400. It depicts an art nouveau maiden with flowing hair cradling a beer glass, and was designed as an advertising poster.

A 94 piece white metal table service, designed by Jean Puriforcat, sold for £10,450 and the English arts and crafts movement produced a good price of £9,900, as against a £3,500 top estimate, for a Christopher Dresser designed electroplated tureen with glass liner. Georg Jensen remains a buyable name but an 84 piece Acorn pattern table service was slightly below estimate at £3,080.

Hiroshige, one of the big names among Japanese print makers, was in demand at Sotheby's, and a complete, 55 print set, of his "Stations on the Tokaido Road," beat its top estimate at £41,800. It was acquired by the Tokyo dealer, Hattori. Another album of his work, this one entitled, in translation, "Upright Tokaido series," and consisting of 53 prints (two are missing) sold for £19,800, to the London dealer R. Kruml.

Just one Hiroshige print, the celebrated "A sudden shower over Ohashi Bridge at Atake," which shows peasants, chielded by umbrellas, scurrying across a bridge, made £8,800, and the same sum secured a double bust portrait of two actors, captured by Sharaku, in the play "Iris Flowers," dated 1794. The auction of Japanese prints, illustrated books and paintings totalled £239,151, with just 7.84 per cent unsold.

"Voices" theme for 1987 Spitalfields Festival

"Voices" is the theme for the 1987 Spitalfields Festival. Richard Hickox, the artistic director, is emphasising the "bloom and halo" imparted to vocal music by the acoustic of the festival's principal venue, Christ Church, Spitalfields.

The Spitalfields Development Group is again among sponsors. This year's festival opens on June 2 with an all-Mozart concert presented jointly with the Bath Festival and ends on June 24 with a concert performance of *Iphigenie en Aulide*, co-produced with the BBC to mark the 200th anniversary of the death of Gluck.

The Georgian Group celebrates its 50th anniversary in a concert on June 18 while David Bedford's half-century is marked by a birthday concert of his music on June 20.

Among those appearing are and the Northern Sinfonia. the St Paul's Cathedral Choir,

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The logic of Mr Gorbachev

THE SOVIET Union wants a denuclearised Europe. Mr Mikhail Gorbachev spelt it out this week by saying he was now ready to see the elimination of all medium- to short-range missiles based on the continent of Europe down to the "battle-field tactical" level. Precisely what he means by that level will have to await definition by Soviet officials. But probably the only nuclear weapons such a proposal would leave in Western Europe would be a few mines (zero range), several thousand artillery shells (up to 30 kilometres range) and those long-range missiles that belong to Britain and France.

It is a nightmare vision to many in the West. Nato soldiers would feel militarily naked, without the nuclear underwear to which they have grown so accustomed, in the face of Warsaw Pact conventional superiority. Many Nato politicians already feel diplomatically naked, because of the way Mr Gorbachev has taken their own zero-zero concept, intended only for medium-range missiles, and extended it down the line to cover short range nuclear weaponry.

Public opinion

Yet they cannot reject the Gorbachev proposal out of hand. Western public opinion would not wear that. Nor can the Gorbachev proposal be characterised simply as a rhetorical call for distant Utopia, as the Soviet leader's January 1986 appeal for a non-nuclear world by the century's end could be. This latest proposal is intimately tied into an accord on medium range missiles whose signing the West hopes, and expects, to be imminent.

It is surprising, in a sense, that the Soviet Union had not earlier proposed the effective denuclearisation of Europe, given its clear numerical advantage in the one form of military force that would be left—conventional weaponry. It has taken Mr Gorbachev to see the logic of Soviet interests, and to push it hard.

However, the need for an off-set to Soviet or Warsaw Pact conventional superiority is only part of the rationale for Nato's tactical nuclear weaponry. The other part is to be able to meet any level of Soviet threat or attack with an appropriate response, the doctrine known as flexible response.

The psychology behind this is that, without tactical nuclear weapons, Nato commanders would be able only to call on massive retaliation from the US strategic force if they began to lose a conventional fight. It would be scarcely credible that Washington would thus immediately open the US homeland to the risk of full Soviet retaliation the minute the tide of conventional war in Europe started to turn against Nato. Therefore, the logic goes, the US deterrent would lose its credibility, in Soviet eyes, in defence of Western Europe.

As a result, for all the recent Western talks about the need to constrain, reduce or eliminate the Soviet superiority in tactical missiles, many Nato military planners would rather live with that numerical superiority than with the equality of zero.

At the same time, however, those same planners are in the process of scrapping obsolete weapons in Nato's tactical nuclear stockpile, while modernising the weapons that remain. Their plan is to bring the number down from the 7,000 weapons (including mines and artillery shells) that existed in 1979 to some 4,600 in the next couple of years.

Might there not be some sense in turning this unilateral process into a bilateral negotiation with Moscow, and at least getting comparable Soviet reductions? The Soviets might use such negotiations to obstruct the modernisation of Nato's remaining tactical weapons, and this would have to be guarded against.

Conventional arms

The harder Mr Gorbachev pushes for elimination, as distinct from reduction, of nuclear weapons in Europe, the harder the West should push him into comparably sweeping conventional arms controls negotiations.

Last week, in Prague, Mr Gorbachev acknowledged the "inequalities" in military forces in Europe and said they must be removed by reductions "on the part of those who have superiority." The West must hold him to these words.

A judgment on US courts

IT IS difficult to see what principle of public policy or natural justice can be served by the legal process which has thrown Texaco into the bankruptcy courts, long before its appeal against an $11bn (£6.7bn) damages award is exhausted.

Whatever the final outcome of this extraordinary case brought against the third largest US oil company by its much smaller neighbour Pennzoil, it is now clear that the issues raised are so important that they will have to be resolved by the US Supreme Court.

Legal maze

This may take three to five years and it is unfair to Texaco's 319,000 shareholders that their company should be put under severe operational restraint meanwhile. Texaco's immediate distress arises out of an involved legal argument between federal and state courts about who should decide whether Texaco must put up a bond equal to the full amount of the award, as would be required under Texas law.

The US Supreme Court has now ruled that Texas courts must decide the issue. This reverses the decision of the federal appeals court which took the essentially common-sense view that a bond of this size would bankrupt the company before it could obtain a final judgment from the US legal system.

Since the award of damages by a Texas jury two years ago, there has been widespread comment that the award was absurdly out of proportion to Texaco's offence. Indeed, some mystery still surrounds the question of why Texaco should have been judged wrong to make an offer for Getty which valued its shares at 14 per cent more than had been offered by Pennzoil. The case turned on whether Pennzoil had already reached an informal agreement with Getty. But since no such agreement had been formally ratified, it seems highly unlikely that a court in New York—which law governs this case—would have found that Texaco had done wrong.

Moreover, as Judge Charles Brieant of the New York District Court has observed, the size of the award is absurdly adrift from any loss which Pennzoil could have suffered. Having offered $2.6bn for 43 per cent of Getty, it then told the court that it needed $10.9bn *as compensation* when Texaco carried off the prize.

It is understandable, although highly unfortunate, that Texaco thought that this damages claim so ludicrous that it did not bother to contest the sum. Now it finds itself in a legal maze where the courts have been constrained as much by the deeper constitutional issue of federal versus state jurisdiction as by the common sense of Texaco's case.

The huge size of the award presents a new challenge to the US legal system, as the federal appeals court implicitly recognised when it reduced the size of the bond required by Texas laws. For these laws were never designed to cope with damages large enough to bankrupt the US's largest companies.

The protection of Chapter 11 of the US bankruptcy code will allow Texaco to continue in business but only at a high cost *to its prestige and operational* flexibility

Absurd claim

It is clearly of the greatest importance that the appellate courts should now move rapidly to find ways of addressing the basic questions of whether the judgment against Texaco should be set aside, and whether the damages were unreasonable.

Otherwise the legal daventurers which swarm in any lucrative section of the US system will be damagingly encouraged. The US industrial sector is not so robust that it can afford the diversion of multi-billion dollar suits, fired almost at random in the hope that one may occasionally hit the mark. The moral which some may draw from this case is than once an absurd claim gains a foothold in a lower court, the appeals system may be too muscle-bound to dislodge it.

Although Americans cherish the idea that the law should enable the little guy to stand up to the big guy, this is not just a corporate saga of David and Goliath. Class actions of this kind too often ignore the fact that financial penalties ultimately fall not on a corporation personified, but on thousands of individuals. The world will judge the outcome by the legal system's ability to protect these interests as well as to the need to encourage free and vigorous competition unhindered by an army of lawyers.

THE UK CIVIL SERVICE DISPUTE

A lot of bad feeling at the barricades

By David Brindle

LAST WEEK Mr Kenneth Clarke, Paymaster General and Employment Minister, told a gathering of UK company managers: "One of the problems we have now is that all the militant unions are in the public sector. The private sector ones have been modernised really; you have all the reasonable and moderate ones."

Although they make up only 26 per cent of the working population, in the years since 1980 public sector employees accounted for between 43 and 88 per cent of days lost through industrial action, as the chart shows.

It is easy to explain this simply by arguing that large parts of the strongly-unionised public sector such as administration (78 per cent unionised), energy and water (88 per cent) and education (69 per cent) have escaped the recession.

But that is to ignore the truism that it takes two to tango. With teachers in England and Wales planning yet more strikes over a dispute that began three years ago, and with half the Civil Service taking to the streets, it is timely to question whether the Government has got its dance steps right.

It is difficult for the Government to make a convincing case that the fortnight-old Civil Service dispute is entirely the work of militant and politically-motivated union leaders.

The right-led Civil and Public Services Association (CPSA) the biggest union involved, put the Treasury's pay offer to its members without a recommendation either to accept or reject. In union-ese, that is often read as code for: "We don't think much of this, but we expect you will accept it." But courtesy of an individual ballot required by the Government's Trade Union Act 1984, 65 per cent of the membership replied by a 59 per cent majority: "No thanks, we'd rather go on strike."

Discontent is evident even among the highest echelons of the Civil Service: last week, government lawyers, members of the First Division Association (FDA), met to consider their pay offer and resolved unprecedently to urge the FDA, if necessary, to ballot on taking disruptive action alongside the three unions already at the barricades.

As Mr John Ward, FDA general secretary says: "The idea that government lawyers, the Whitehall advisers to ministers, should actually call on the executive to ballot the members on industrial action if we cannot get an improved pay offer, is quite mind-boggling."

By the standards of the present pay round, the Government's offers are not at all bad. Excluding the special long-term deal agreed for scientific and technical civil servants, the Treasury costs the offers at 4.6 per cent on this year's salary bill. However, this obscures the facts that some awards would be paid in two stages, giving certain groups much more than the basic 4.25 per cent, and that lower-paid CPSA clerical staff members would benefit from a flat-rate increase of £5.75 a week.

At the FDA's end of the scale, most rises would total between 4.25 per cent and 6.6 per cent. But staff at the top of Grade 5 (formerly assistant secretary) have been offered the incentive of an extra scale point of £29,465

The costs of strike action will not have escaped the civil servants. The CPSA, Society of Civil and Public Servants (SCPS) and Northern Ireland Public Service Alliance all made clear on their ballot papers that every member would stop work for two days without strike pay during the first phase of the campaign.

Last week, the Government's figures suggested that more than 70 per cent of all social security staff — not only CPSA and SCPS — in the targeted regions of the north-west and Wales were on strike on the two days in question.

Behind the unrest lies first of all the matter of medium-term erosion of Civil Service pay levels. Public sector workers have since the mid-1970s expected a comparability review every five years or so. Regardless of the size of the Treasury's offers relative to current settlement in the private sector, civil servants are looking hard at how their salaries stand up to scrutiny on a longer perspective.

Taking 1980 as a benchmark, the unions say that an administration officer needs a rise of 18.3 per cent just to catch up with earnings increases of other clerical workers prior to this year's pay round; that an executive officer needs 30.6 per cent; and that an assistant secretary needs 31.8 per cent.

The absence of provisions for such catching-up is one of the main reasons why all but one of the Civil Service unions have baulked at agreeing long-term pay determination systems sought by the Treasury.

Second, there is the matter of the political climate. With a general election pending, and particularly with the odds on a third Conservative victory, there is the matter of the political climate. With a general election pending, and particularly with the odds on a third Conservative victory, *there is a feeling in the public sector that* it is time to grab what you can

This feeling *is* by no means confined to the Civil Service unions. The Royal College of Nursing's annual conference last week suggested that nurses—unique in the labour movement in having the popular press *on* their side—could turn very nasty indeed if the Government again fails to honour their pay review body award due shortly. The RCN, which has a no-strike rule, is planning an *immediate* meeting to discuss industrial action if ministers duck and weave.

Third, and perhaps most important, there *is* the matter of public sector morale. A common thread running through the teachers' and civil servants' disputes is the belief that the only public service valued by the Government is a privatised one.

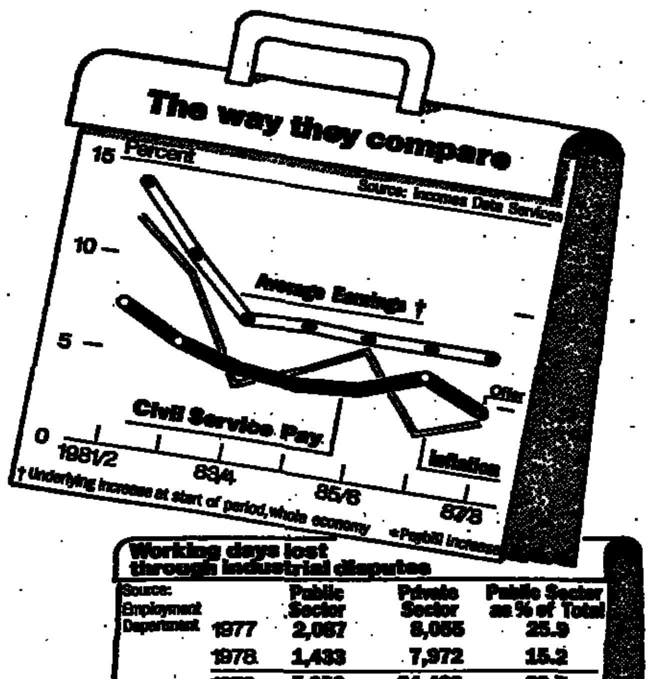
Mr Ward, of the FDA, relates how a recently-resigned senior civil servant told him: "If the management of a private company like a building society or a bank went round the country, as ministers do, making public speeches which give the impression that the people who work in their organisations were layabouts or leeches, were unproductive or inefficient, then thoses organisations would go rapidly down the drain."

This mood among civil servants has been caught by the CPSA and SCPS. Using the services of the Epic communications consultancy to promote their cause, they have stressed the value and the allegedly run-down state of the Civil Service as strongly as they have pushed their wage claims, with a drive called the Campaign for a Better Civil Service.

Whether the dispute turns the unions' way will depend over the next four weeks on the impact of the regional action and the continuing selective strikes at computer centres and Customs and Excise depots. *Thereafter, at the end of the* first phase, the CPSA is warning of a ballot on an all-out national strike. But with the SCPS apparently unsure about this tactic, and with the outcome of such a ballot far from certain, the Government may well sit tight on its offers and call the unions' bluff.

Ministers should, however, take heed: on a BBC Radio 4 'phone-in programme on Tuesday, a former teacher asked Mr Kenneth Baker, Education Secretary, why he thought (the caller) and his wife, both heads of department in schools until recently, had quit their jobs.

Mr Baker launched an enthusiastic exposition of the large salary increases for department heads under the government-imposed teachers' pay settlement. Do consider coming back, he said. He had missed the point—that the couple's decision had nothing to *do with money.*



Working days lost through industrial disputes

Source: Employment Department

		Public Sector	Private Sector	Public Sector as % of Total
	1977	2,067	8,055	25.9
	1978	1,433	7,972	15.2
	1979	5,052	24,423	20.7
	1980	9,825	2,139	82.1
	1981	1,866	2,400	43.7
	1982	3,378	1,935	63.6
	1983	1,831	1,923	48.8
	1984	22,886	3,270	88.0
	1985	5,591	810	87.3
Provisional	1986	874	977	47.2

THURSDAY BOOK REVIEW

Urban Unemployment

By Chris Hasluck

Longman Ltd; £6.95

PASSING EAST through the City of London on a weekday evening, as the expensive suits blur into a commuting mass, you reach a sign in Shoreditch High Street. "20,000 out of work in Hackney—one in every four," it reads. A vast array of inner city jobs co-exists with enormous inner city unemployment.

The "inner city" is not a neat description but a metaphor used to stand for something which has gone badly wrong in Britain's older cities and conurbations. The most glaring symptom as well as a major cause of this condition in the heart of Sheffield, Birmingham, Glasgow, and Liverpool is the remorseless rise in big city *unemployment.*

This has produced an apparent contradiction in economic policy. As the Government has stressed the importance of macro-economic policies to free up markets, so there has also been a growing emphasis on local initiatives, some prompted by left led-local councils, others by central Government to solve city unemployment.

Both approeches suffer from a common problem: the economic case for local initiatives is still undeveloped. While few economists believe that a change in Government macro-economic policy would bring a return to full employment, it is equally unclear whether the battery of local initiatives can provide a solution. Are they not just about redistributing the available jobs in the economy rather than generating higher overall employment?

Worse still, as Mr Hasluck's dispassionate exposition makes clear, it is not even straightforward to explain the causes of urban unemployment.

We know that the rise in urban unemployment is a long run trend. Inner city areas have had higher unemployment rates than other areas throughout the post-war period.

Even during the 1960s jobs boom, employment growth in the inner cities was restricted to the public service sector, and by the 1970s it was declining in this sector as well. In contrast, service sector employment has grown substantially in both outer city and rural locations.

This slow puncture has not, however, been caused by company migration. The problem has been plant closures and cutbacks, coupled with a dearth of new sources of jobs.

Mr Hasluck argues that across the economy, employment growth has *followed* potential workers. While Britain's labour force grew by 3 per cent between 1971 and 1981, the resident labour force in Greater Manchester fell by almost 21 per cent and that of Liverpool by 17 per cent.

Companies in search of cheaper flexible, semi-skilled workers have thus been encouraged to move to the suburbs, while greater mobility *of skilled* workers has helped this process. These factors, he says, far outweigh those most frequently mentioned in the policy debate, such as the cost of inner city locations, rates, lack of space, lack of an "enterprise culture" or cities' overdependence on declining industries.

The policy response to these problems has been slow and fragmentary. Enterprise zones, in which heavy subsidies come with the rhetoric of free markets, vie with urban task forces which are meant to exemplify capitalism's ability to care as well as to profit, and the enterprise boards of left-led councils which aim to intervene directly in strategic local industries.

All these competing local approaches have counterpart macro-economic and political philosophies. This competition over the efficacy of differing approaches to regenerating the economy *is* instructive for a much broader debate about economic policy and labour market flexibility.

Though inner city problems are unlikely to be solved outside a national economic strategy, the character of future macro-economic strategies of both left and right are likely to be heavily influenced by the outcome of this competition.

The choice, then, is between Mr Nicholas Ridley, and Mr *Ken Livingstone. That is,* between the Government's efforts at regeneration via Urban Development Corporations and the kind of interventionist policies pursued by the Greater London Enterprise Board and similar agencies in other Labour-controlled cities.

Mr Hasluck sees the UDC as an explicit, *if* belated, recognition of the inner cities' special problems, but he doubts their efficacy. Too many of their jobs, he says, go not to inner city residents but to commuters. Mr Hasluck clearly favours the Enterprise Boards which aim to take a direct stake in companies in strategic sectors, in order to direct economic development and employment growth.

There are obvious flaws in this case. Critics argue that the boards' claims to democratic support are a gloss to allow politicians to further their careers and ideological objectives, such as higher employment for ethnic minority workers. Even more pjertinently, can local government officials pick winners?

Mr Hasluck argues these boards are impressively efficient—their cost per job ratio is much lower than other special inner city measures. But he admits that the few thousand jobs they have created have done little to dent inner city unemployment. They should be seen as ideological weapons to be used in a political battle over inner city policy rather than judged as concrete measures to promote jobs, he suggests.

So, at the end, the book's conclusion is disappointing. This remains a field with no clearly definable causes and no self-evidently wise policy direction.

Charles Leadbeater

Men and Matters

Willis and Wizzo on the prom

Brighton or Bournemouth? Blackpool or Brighton? This pressing industrial matter — where to hold the annual seaside conference — was one of the big questions the TUC general council wrestled with yesterday at its monthly meeting.

The TUC's "inner cabinet," its finance and general purposes committee, decided on Monday to recommend the axeing of Brighton from the TUC's conference venues, at least until the end of the decade, on various grounds — that it was too far, too expensive, perhaps *even too southern.*

Precedent was to be dispensed with by the TUC returning to Blackpool in 1990 after having been there the previous year, rather than going to Brighton.

The decision was based on a study by the TUC of the comparative costs of the resorts, which came to the conclusion that Brighton was too expensive at a time of tightening belts by all the unions.

On hearing of this momentous move, Brighton corporation yesterday sent a telex to Norman Willis, TUC general secretary, offering peace talks to review the town's conference costs — principally its hotel charges.

Will the talks save the day? Will Brighton manage to woo back the brothers? The signs don't look to propitious.

Willis yesterday testified to his affection for Blackpool, and its range of various hotel prices—including one seaside establishment which boasts a photograph of Willis as one of its favourite guests, alongside a similar endorsement from Wizzo the Magician.

"Ere—there's bits of shredded documents in this Guinness."

Top player

Sir Trevor Holdsworth's skills as an architect of industrial change will not be allowed to rust after his retirement from the chairmanship of GKN next year at 61.

The Confederation of British Industry yesterday chose him as its president-in-waiting to succeed David Nickson, the chairman of Scottish and Newcastle Breweries.

Holdsworth will follow the established CBI system of serving for a year as deputy president, followed by a two-year stint as president.

The CBI has suffered some flak from its Midlands members as they have seen the heartlands of Brtish engineering shrinking around them. Holdsworth's appointment will be a demonstration that the confederation still both understands, and cares.

GKN, which with its automobile components and engineering *epitomises Midlands* industry, has been radically changed for the better by Holdsworth during his seven years as chairman. He took over a group which has slipped from handsome profitability into unaccustomed losses as the recession bit, and demands for engineering changed.

He has painstakingly reconstructed it—moving away from old core activities such as steel, and concentrating upon growth engineering sectors.

An accountant by training, he headed the CBI's tax reform working party which 16 months ago produced a radical report after two years study. It suggested that tax should be levied on income spent rather than on income saved, and on people rather than on businesses. Nigel Lawson is still pondering those thoughts.

Displaying a quite different talent, Holdsworth was recently appointed president of the London International Piano Competition, which will take place for the first time in 1989. Not surprising really as he is an excellent pianist who once though about making a career on the concert platform.

He is also reputed to have bolstered his income in his youth by playing jazz piano with a band in a Bradford pub.

Health help

Robert Maxwell saved the Commonwealth Games single handed — well, almost. Now the larger than life publisher of Mirror Group Newspapers has discovered AIDS and has decided to help save the world from the afflication.

Maxwell has concluded that newspapers have a crucial role in fighting AIDS and minimising alarm about the disease. He is now investigating how to *improve the quality of the* reporting of the disease in the media. He has already been in touch with the World Health Organisation and is planning to put some of his own money behind the campaign.

First thoughts involve the creation of a computer database, manned by scientists and journalists, which will contain the latest responsible information on how the disease can be tackled. This information will be available in an even handed manner to all journalists.

Maxwell is so keen on the subject that he has agreed to speak on AIDS and the Response of the Media at a health care conference in July in Halifax, Nova Scotia—a very healthy part of the world.

Small talk

Motorists, yachting folk, tax exiles, and the banking fraternity on Jersey have a new toy to play with—mobile phones—now that the Channel Island (which is just 9 miles by 7 miles) has launched one of the world's smallest cellular phone services.

Tom Ayton, head of Jersey's telecommunications, is a relaxed Ulsterman who used to work for British Telecom. He called in BT's Cellnet service when he decided the island should try to copy the explosive growth of mobile phones in Britain.

"We've got a marina full of yachts and they're owned by people wealthy enough to afford to buy a cellular phone," Ayton says confidently. As a result, the yachtsmen can now phone the shore as they sail the bay of St. Malo.

But Ayton reckons Channel Islands bankers have shown the greatest interest in the new service. "They can keep in touch with the office as they sit in Jersey airport waiting for a plane."

Ayton is free from the problems of increased competition which are confronting his counterparts in larger European countries now that mobile telephone systems are being liberalised.

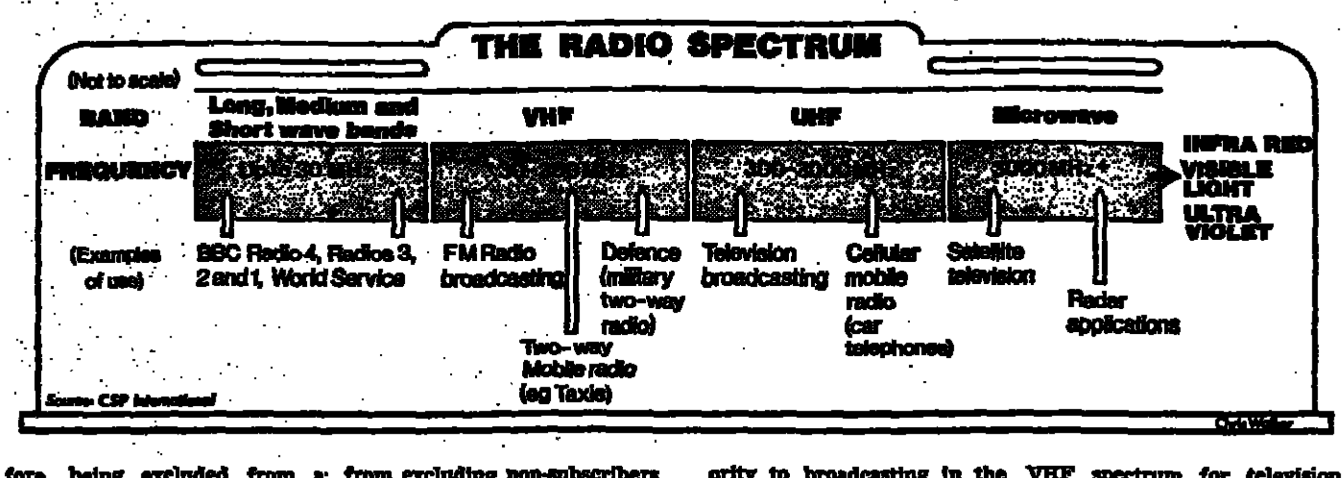
Who sets the rules governing his operations? "I do," is *his succinct reply.*

Observer

ECONOMIC VIEWPOINT

The myth of spectrum shortage

By Samuel Brittan



AT THE MOMENT broadcasting is almost the only service for which the consumer—unless he belongs to the tiny minority with cable—has no choice of paying for directly. The two BBC channels are financed by a tax known as the licence fee; and the two commercial channels are financed by selling audiences to advertisers, an indirect and distorted form of consumer sovereignty.

Yet there is no technical problem about scrambling transmissions, which would be available only to paying subscribers. The extra cost of decoding equipment, provided it arrives already installed in new television sets, is trivial, say an extra 7 to 10 per cent on a television receiver.

Market research and experience in other countries suggest that pay-per-channel is the more profitable option. But pay-per-view facilities can be incorporated at no extra consumer cost. Their availability will provide the chance for the viewer to register the intensity of his or her preference, by the amount he or she is prepared to pay, when we have a full broadcasting market.

Meanwhile, the main problem about pay-television has little to do with the cost of decoders or transmitting equipment, but stems directly from the limitation of British television to four channels. This is quite wrongly believed to be a technical necessity imposed by spectrum shortage.

The myth is of relevance to the study that Dr Charles Jonscher of CSP International is submitting to the Home Office at the end of this month on the feasibility and desirability of pay—or, as it is sometimes called, subscription—television for the BBC. His recommendations have been affected by the requirement to stick to the existing policy of spectrum allocation, a requirement which seriously weakens the case for subscription.

The problem about introducing subscription into either of the BBC services, or for that mater the ITV ones, is not technical. It is that the television messages have what economists call a "public goods" aspect. This refers to the fact that once a programme has been transmitted, the cost of reaching additional viewers is negligible.

Non-subscribers are, therefore, being excluded from a benefit that could be provided at no extra cost. This is the conventional argument against replacing any part of the licence fee by subscription.

So long as BBC programming is limited by a fixed licence fee, this argument does not affect the case for subscription to finance extra programmes. For example, the BBC could use the silent hours at night to transmit programmes on to video recorders for later viewing. Subscription could later be used to finance additional programmes in the morning or late evening, with benefit to viewers as well as the BBC; and the IBA could also put out some of the silent hours to tender for subscription.

Quite apart from the immediate benefit to subscribers, the introduction of subscription equipment based on standardised payment administration systems will facilitate the reception of other pay services. One of the British DBS channels is to be financed by subscription. So may be overseas services obtainable in the UK.

The most extensive, natural and earliest use for subscription would, however, be to finance additional terrestrial channels. The best present guesses suggest that by the year 2000 less than half of homes will take one or other of the new media, such as satellite or cable. But subscription could be used much earlier by far more people if more terrestrial channels could be provided.

As the number of channels increases, the gain to consumer choice, both from having more programmes and from being able to choose them directly, begins to outweigh the loss from excluding non-subscribers. This is certainly the case so long as the licence fee is held at roughly its present indexed limits for the reasons outlined in the Peacock Report on Financing the BBC.

Unfortunately, the provision of more terrestrial channels is prevented by one great myth, that of "spectrum shortage"—the belief that there can be only four terrestrial channels in the UK for technical reasons. This same myth is, of course, also used to justify the BBC-ITV duopoly (with two channels each) and the high degree of regulation of scheduling and programme control, which distinguishes broadcasting from the other media.

Indeed, the main criticism to be made of the Peacock Committee is that it swallowed this myth too readily and that it was content to await cable and satellite for the breakdown of the duopoly.

You do not have to take my word for it. Dr Jonscher, whose team includes scientists and engineers as well as economists, has exposed the spectrum shortage myth in an earlier study, published this month for the DTI on the Deregulation of the Radio Spectrum, (HMSO, £9.50).

Historically, the number of television channels available in the UK has not been constrained by spectrum. Rather, other policy considerations have determined the desired number of channels—beginning with one in 1936 and rising to two in 1956, three in 1964 and four in 1983—and the necessary frequencies have been assigned accordingly. By international standards, the UK gives low priority to broadcasting in the allocation of spectrum. The UK has recently elected to re-assign former VHF television frequencies to mobile radio, while the USA and many European countries continue to operate television stations in the VHF band.

The technicalities of frequency planning are outlined in Chapter Six of the Radio Spectrum Report. There is a trade-off between the following objectives:

1—The total number of channels available to the typical household.

2—The proportion of the population covered by the various channels.

3—Quality of reception.

4—Cost of constructing and operating the network.

British policy has concentrated, without any proper discussion, on the second and third objectives, universal high quality coverage at the expense of limiting the number of services. An example of the fanaticism with which universatility is pursued is that, in the period up to 1995, 1,500 extra transmitters will be built to increase coverage of the existing four channels from 99.1 to 99.5 per cent of the population.

In a typical US conurbation there are 10 to 15 terrestrial channels. France has six channels, most still covering the vast majority of the population.

The Radio Spectrum Report explained how three kinds of channel, for pay-television could be created without seriously breaching the near-universal availability of the four existing channels to the vast bulk of the population.

The first way would be to make use again of part of the VHF spectrum for television.

A British Government decision in 1985 to transfer this part of the spectrum to mobile radio was implicitly criticised in the Radio Spectrum Report. The report suggests the transfer of parts of the spectrum to privatised Frequency Planning Organisations (FPOs), which in turn would lease sections to the highest bidder.

"There is nothing, provided the necessary permision were forthcoming from the Home Office to prevent a broadcasting company bidding for VHF frequency if it thought such a service could be profitable, which it might be if television sets incorporating VHF as well as UHF came back on the market," remarks Dr Jonscher.

If the Home Office vetoed such an application it would be clear that it was committed to the BBC-ITV duopoly as a matter of policy, and could no longer hide behind spectrum scarcity.

Secondly, and most promising, new local low power television services could be created in cities without affecting existing UHF allocation.

Thirdly, local pay television services might be based on microwave distribution (MDS). This involves making use of the top end of the spectrum, now used only for satellite broadcasts and telecommunications. In the US it can be employed for terrestrial broadcasts too, a use still illegal in the UK.

A cost benefit analysis of these and other means of providing additional channels is urgently required. Despite frequent prudish complaints about "too much television," there is evidence that the unsatisfied demand for television could finance three more services, which would concentrate on highly valued material, such as sport and recent films.

Nor is this unsatisfied demand surprising when it is remembered that television watching is in Britain, as in most countries, by far the largest single use of leisure time, whether we like it or not.

Unfortunately, we can be sure that the Home Office, in commissioning the second Jonscher study on subscription television, has not taken into account the opportunities for finding new television services revealed in his earlier report on the radio spectrum.

But if choice is to be exercised wisely, a beginning should be made as soon as possible. The intensity of the desire to preserve the BBC-ITV duopoly and the existing regulatory apparatus for as long as possible is enormously strong in parts of both the broadcasting establishment and Whitehall.

The second Jonscher report will need to be read at least as much for what it says between the lines, or is not asked to investigate, as for its headline conclusions. The earlier and more technical report may prove the more important one.

Ultimately, full electronic publishing will come. Research is going on which may lead to the possibility of an unlimited amount of broadcasting on ordinary subscriber telephone lines, without even the construction of an optic-fibre grid.

Those informative and cultural programmes which cannot easily be financed either by advertising or by pay-television should be publicly financed in an overt and accountable way. For the time being, the BBC Charter and IBA regulation will promote such programmes. But in the more competitive and fragmented broadcasting market, which will eventually develop, there will be need for the Peacock suggestion of a Public Service Broadcasting Council — an Arts Council of the air. This will encourage such programmes by positive finance and support rather than by back door regulation and veto.

It may be needed sooner than we think; and those who value public service broadcasting should campaign for the early establishment of this council rather than fight a rearguard, losing action against market influences.

Lombard

Breaking away from Caesar

By Joe Rogaly

THE CHURCH of England would be a stronger Christian force if it disentangled itself from the state and became, say, the Anglican Church. The price would be the eradication of one of those parts of the British constitution that Bagehot labelled "dignified." Would it be worth paying? The answer, for those who place spiritual values above the perpetuation of historic compromises, must surely be yes. This is a natural Easter thought, but it is not only the advent of Holy Week that makes it worth pursuing.

For it is just a week since the Bishop of Kensington, the Right Reverend Mark Santer, was chosen by the Prime Minister as the candidate she regarded as the more suitable of the two put up by the Church for promotion to Bishop of Birmingham. It was reported at the time that the Bishop of Stepney, the Rt Rev James Thompson, was the majority choice of the Crown Appointments Commission, but that Mrs Thatcher had rejected him as too left-wing. (He is, after all, associated in some minds with the "loony left.")

Now it so happens that the Bishop of Kensington, a member of the Campaign for Nuclear Disarmament, probably differs from the Bishop of Stepney in matters of style more than in matters of substance: the Holy Spirit may yet move him to become as trenchant a critic of the government's policies as, say, his predecessor, Dr Hugh Montefiore. It may even be that the Church has drawn on the Machiavellian instincts of some of its Continental cousins and presented the Prime Minister with a candidate she was sure to reject in order to make more certain the appointment of the one it really wanted in the first place.

None of this changes the essence of the matter, which is this: at a time when many people, particularly young people, are searching longingly for spiritual guidance, what on earth does the appointment of a disciple of Jesus Christ have to do with a Prime Minister who is regarded by some people as the High Priestess of Mammon? The Church of England answer might be, "arguments like that are not worth wasting energy on, so long as we get our way"—while the Anglican answer might give short shrift to such a jaded acceptance of political compromise.

This is particularly important for the world-wide Anglican Communion, whose member-churches were founded by missionaries who risked their lives to preach the gospel in the colonies, or by British settlers in what became the white Commonwealth, or by America's Episcopalians. There are Anglicans in India, and in Japan, and of course black and white Anglicans whose Archbishop Tutu is head of the church of the province of South Africa. This international community would be strengthened if its mother church ceased to be part of the British state; that it is so is a puzzle to many of its far-flung adherents.

Disestablishment would also rid the Church of England of a number of irritations. Parliament still can, and does, pronounce upon such matters as the appointment of women as deacons. It can hold up or alter procedures favoured by the Synod. The Church nearly always has its way, but only after a hiccup led by one of a small coterie of turbulent politicians. It may not have its way in the matter of dispersing its own money, since the Church Commissioners, as a body, constitute a compromise between Church and State. The representatives of the moneylenders are in this instance right inside the temple.

It would of course be troublesome to disestablish. The Church is embedded in the constitution: Lambeth Palace, just across the Thames from Westminster Palace, is a magnificent symbol of its historic role. Legislation would be required. Bishops may have to be led gently out of the House of Lords. The Army and the prisons may cease to look to the C of E for chaplains of first resort. The Press and TV may start to give more regard to the senior Roman Catholic bishop.

Yet it will happen one day. That day will come all the sooner if either the government or parliament succumbs once too often to the temptation to exercise their historic powers.

Letters to the Editor

EEC measures to improve steel industry efficiency

From Mr J. Aylen

Sir,—One cheer for the European Commission if it really is getting tough on the European steel cartel, as you suggest, (April 13). Elimination of all subsidies to European steelmakers and forced restructuring of technically bankrupt producers is long overdue. But, most impressive of all, would be an end to the system of production quotas for individual steel firms and demolition of the external rampart of import controls.

Output quotas have undesirable effects. They prevent more efficient steelmakers winning out against the less efficient. Consumers lose since the cheapest steel made in the best plants is rationed. Costs are higher than need be as the most efficient mills are underutilised to divert orders to the worst. Admittedly the lowest cost steelmakers such as the Dutch and British are gaining against the French and Italian integrated producers, if only because profits allow the successful firms to invest in upgrading technology and improving quality. In the meantime, consumers who want low price steel and taxpayers who subsidise the deficits are missing out.

The aim of the Commission's long running crisis cartel is to cut back surplus capacity. Yet quotas have the perverse effect of encouraging excess capacity. The European steel cartel is based on an implicit bargain whereby output quotas depend on existing capacity. In effect, those who maintain surplus plant can claim more production rights. Attempts to raise European steel prices have only encouraged continuing operation of inefficient mills since their high costs are covered by the inflated prices. Each year the Community threatens to end the quota regime. Each year the game of bluff and counter-bluff is repeated. The Commission has lost credibility as its bluff has always been called. The likelihood of the quota regime being renewed only serves to postpone closure. So a combination of rational self-interest and national pride is delaying adjustment.

A market solution would have the opposite effect to a quota regime. A competitive market rewards those with the most efficient level of capacity. But instead, the medicine of quotas is preventing the patient's recovery.

The quota regime is backed by a set of import restraints which insulate Community steel producers from world competition. These should also be abolished. There is no reason why the anonymous but persuasive forces of world trade should not work here too. The best of the Community steelmakers are among the world's lowest cost producers. They do not need trade protection. Heavily indebted, Third World countries such as Brazil and Mexico could expand their exports. Steel users would gain.

European producers act as though they have seigneurial rights over their domain. Yet steel is just another ordinary competitive industry. It is now widely characterised by volatile price competition, with cost efficiency, product quality and marketing skills the main determinants of success. In these respects it is little different from a range of other European industries, such as chemicals

At the moment the highest returns in steel are to be earned from lobbying politicians and bureaucrats. A market solution would make attention to customers the only route to profitability. The sooner the European Community treats steel like any other industry, the better for customers, taxpayers and the industry itself. It is surely time this common agricultural policy for steelmakers is ended.

Jonathan Aylen,
Department of Economics,
University of Salford.

Intuition in business decision-making

From Mr A. Knight

Sir, — In his article "The skill most topm anagers fear to mention" (April 8) Michael Dixon takes business schools to task for concentrating on the "intellectual" approach to management at the expense of the "intuitive" approach. He supports the view of Professor Weston Agor of the University of Texas that in complex and rapidly changing situations intuition is an important tool for decision-making.

He also suggests that business school staff argue that "an experience-centred approach will not enable managers to cope well with the greatly changing conditions of the future."

I am happy to inform you that this business school at least does not reject intuition or experience as management tools. In my own teaching of strategic planning I focus on both the quantitative aspects of decision-making (what Michael Dixon calls the "intellectual approach") and on qualitative aspects. The problems are first, that qualitative methods are not as well developed or understood as are the established quantitative methods, and second that managers, especially senior manager, are generally very sceptical about them.

It is hard to persuade an experienced "seat of the pants" manager that his or her expertise can be captured, modelled and put to work for the benefit of other decision-makers.

It is also hard to see how quantitative and qualitative approaches can be combined; however, work here at Henley is aimed at developing powerful solutions to that problem. We will certainly continue to encourage our own students to make the most of the full range of their managerial talents in planning for the future.

A. V. Knight,
Henley—The Management College.
Greenlands,
Henley-on-Thames, Oxon.

The role of coal

From Mr P. Curry

Sir,—Mr H. Salt of the Coalfields Communities Campaign is perfectly right when he says (April 3) that coal should make a substantial long-term contribution to energy demand, in this country and elsewhere. He does not need to rail against nuclear power to make that point. His claim for the economics of coal use for producing electricity is more arguable—and there are much more valuable uses for coal even in the medium term, for the production of plastics, pharmaceuticals, and so on.

I would argue more strongly about his claim that it is safe, particularly when compared with nuclear power, even after Chernobyl.

Regrettably, the extraction of coal still kills directly about 30 people every year in this country; that is one Chernobyl every year. Moreover, whatever estimate of the number of fatal cancers one takes as a late result of that accident, it will be minute compared with the number induced by coal burning over the same period.

So let us keep a sense of perspective about the effects of familiar against unfamiliar methods of energy production. Coal will go on being used, but we will need all the energy sources we can get to maintain, let alone improve, our standard of living.

P. Curry.
29, Hallsenna Road,
Seascale, Cumbria.

Power and the countryside

From Mr A. Chadwick

Sir,—The oil companies' publicity machine rightly proclaims success with the burying of pipelines and the restoration afterwards of our beautiful English countryside. So too, the British Telecom network and British Gas distribution can hardly be considered a blot on our landscape.

Why then is it left solely to the Central Electricity Generating Board to confuse and spoil our horizons with its web of pylons and cable distribution?

A. Chadwick.
28 Tyrone Drive, Rochdale.

Definition of static opportunities

From Professor Richard Layard

Sir,—In his letter Lord Young (April 15) appears to accept that the number of jobs has grown at the same rate as the population of working age. Quote: "If the population of working age and the number of people in work are increasing, as indeed they are, then the percentage of the population of working age in work can remain steady."

It seems quite reasonable to describe that as a situation of "static employment opportunities." The chances of work are unchanged for the people who are around, and that is how they are experienced.

But, with 11 per cent unemployment, the number of jobs ought to be growing much faster than the population of working age. When the US had nearly 11 per cent unemployment some four years ago, they relaxed their fiscal and monetary policies. In consequence employment since then has increased by 5 per cent more than the population of working age. We should follow their example.

Richard Layard,
Professor of Economics,
Centre for Labour Economics,
The London School of Economics,
Houghton St, WC2.

FINANCIAL TIMES
Thursday April 16 1987

Why US will revise 'real McCoy' trade figures

BY LIONEL BARBER IN WASHINGTON

THIS WEEK'S US merchandise trade figures – revealing the value of imported and exported goods in February – were more than usually sensitive.

For the first time, the US Commerce Department was to publish its monthly trade data based on a new and supposedly more accurate statistical system. No more would the monthly preliminary figures be followed by revised estimates with such big margins as to render the results almost incomprehensible. On Tuesday, the figures were supposed to be the "real McCoy."

The news that the February merchandise trade deficit had jumped sharply to $15.1bn shocked the financial markets and caused another sharp fall in the value of the dollar, particularly against the yen. But this was nothing compared to the turmoil in the Commerce Department yesterday where many officials had expected the latest trade figures to be far more favourable.

The disclosure, therefore, that the Commerce Department intends to revise February's figures substantially is on the face of it unnerving. The Reagan Administration could face accusations that it is cooking the books for political expediency – either to head off protectionist pressures in the US Congress or to blunt criticism that the lower dollar is having no real effect on the massive US merchandise trade imbalance.

Such accusations would, however, be premature, because individual monthly statistics on the US economy, and the way they are interpreted have, in many economists' eyes, unduly distorted the true picture.

The merchandise trade figures are a good, but by no means isolated example. In the past, the Commerce Department produced two sets of monthly figures: first, there was a preliminary estimate of the previous month, then came the revised version, often with margins of change of between 25 and 30 per cent.

The big difference comes down largely to paperwork. Customs officials, collecting data from 170 points around the country, routinely send in 700,000 bits of paper. As one official explained: "Only so much can be processed in time for publication of the figures. The rest was carried over into the next set of data."

The department has tried to reduce the amount of "carry over" by extending the time available for collation. Over the next few months, it hopes virtually to eliminate the carry over items.

The problem on Tuesday was that officials had included $2bn of imports and almost $1bn of exports in February's figures, which should have belonged in January. In the light of the substantial revision in January's deficit, down from $14.8bn to $12.3bn, February's figures looked awful.

This accounts for the Administration's decision to revise downward February's figures. But it does not address what some economists believe is a more fundamental problem with the monthly trade data in the US.

For example, the figures give only the value of goods exported and imported. Since the data depends on today's wildly fluctuating currencies, there is a strong case for saying that the lower dollar has unduly inflated US imports and, therefore, the deficit. Economists argue that measuring the volume of goods traded is far more accurate.

Secondly, the monthly US trade figures do not cover invisible earnings (i. e. services) which make up an important part of any large country's balance of trade. The Commerce Department is considering trying to include these in the monthly data, instead of waiting for the official quarterly estimates. It does make a big difference: on a balance of payments basis, the US trade deficit was $147bn rather than the $170bn deficit calculated according to customs returns.

Andriana Ierodiaconou explains how a property bill led to crisis

Church confronts Greek state

AT THE HEIGHT of the recent crisis in relations between Greece's Orthodox Church and the Socialist Government, an irreverent cartoon by the leading Greek humorous artist Ioannou depicted a group of bishops reclining, odalisque-fashion, around a dais topped by the Turkish star and crescent.

On the dais, Turkey's Prime Minister, Mr Turgut Ozal, was pictured asking his Greek counterpart, Mr Andreas Papandreou, on the telephone: "What did you have to send them for? A little continental shelf is all I wanted."

The cartoon neatly illustrated the dovetailing of two dramas – Greece's recent confrontation with Turkey over continental shelf rights in the Aegean and the church-state quarrel – which have kept Greek public opinion variously amused and alarmed over the past few weeks.

The church-state crisis erupted on March 12, with the unveiling by Mr Antonis Tritsis, the quixotic Education and Religious Affairs Minister, of a controversial bill on church property.

The bill in one blow succeeded in disrupting the rapport which government and church had succeeded in preserving since the Socialists came to power in 1981, in the face of reforms such as the introduction of civil marriage and the legislation of abortion.

It also gripped public attention, as much in the cities where its impact on daily life was likely to be minimal, as in the countryside, where farmers stood to benefit directly from some of its provisions. The church remains an important part of the social fabric in Greece, and Orthodoxy, an essential element of the Greek national identity.

The Greek constitution links church and state, and Greeks are strongly aware of the role played by the church in preserving language and culture during Ottoman rule. On another level, the church operates an important welfare agency, covering needs not met by the limited state services.

Mr Andreas Papandreou: compromise possible.

Mr Turgut Ozal: two dramas dovetailed.

The three-cornered battle which followed between the Government and the Holy Synod (the leading church council) and Conservative opposition centred on those provisions imposing state administrative control over extensive and lucrative urban real estate owned by the church. The question asked was whether these did (the church and opposition view) or did not (the Government view) violate the constitutionally prescribed administrative autonomy of the church.

The Government also came under attack from the opposition, which argued that the bill was not radical enough, in that it failed to fulfil the Socialists' 1981 pledge to separate church and state.

The church leadership, however, declared its broad agreement with articles of the bill providing for the state takeover of some 350,000 acres – an exact figure is not available, partly due to the absence of a land registry in Greece – of land belonging to monasteries around the country, and its allocation for farm use.

The church disagreed, nevertheless, with the leading role assigned to government-backed farm co-operatives in the distribution and use of the land, preferring instead its direct allocation to individual farmers.

Finding Mr Tritsis deaf to appeals for the bill's withdrawal in favour of discussions, the church promptly took its cause to the streets, pulpits and television screens. The Greek public was exposed to fiery anti-government sermons, acerbic television debates between the Holy Synod and the Religious Affairs Minister, and the sight – strongly reminiscent of schoolbook representations of priests heroically battling the Ottoman hordes during the 1821 Greek war of independence – of demonstrating priests and bishops on the streets of Athens and Salonika.

The positive image which the church enjoys from the Ottoman period was, in fact, its strongest card with public opinion. All Greeks are taught from their earliest schooldays that the church kept the Greek language alive through underground schools during Ottoman rule, and that it played an important revolutionary role during the 1821 independence struggle.

The church boycott for the first time in recent memory of the March 25 Independence Day celebration mass at the Athens cathedral, and the raising of the historic 1821 banner in demonstrations against the Tritsis bill sought to play on this chord.

Even sympathisers such as the Conservative opposition, however, began to look askance at the Holy Synod when, in the first week of April, following passage of the bill with a number of amendments rejected as unsatisfactory, it stepped up pressure with an unprecedented threat. It said it would relinquish the constitutionally sanctioned administrative autonomy it had up to that moment sought to protect, in favour of rejoining the ecumenical patriarchate of Constantinople, from which the Orthodox Church in Greece separated after independence in the 19th century.

The move was conceived as a tactic which would bring the Government into a direct clash with the senior see of the Orthodox Church – something the Tritsis Bill had expressly sought to avoid – by excluding Church lands in Greece subject to the jurisdiction of the ecumenical patriarchate, such as those in the Dodecanese Islands.

Critics argued, however, that such a move would in fact risk drawing Greece into a conflict with the Turkish Government, given that the ecumenical patriarchate is subject to Turkish law. The patriarch himself, for example, is required to have Turkish citizenship.

In the event, the Church leadership abandoned the idea in a diplomatically worded *statement*, being content merely to dispatch a delegation to brief the ecumenical patriarch on the general situation following passage of the bill.

At the same time, in deference to the approach of Easter, the principal Orthodox annual religious event, the campaign for the bill's withdrawal has been effectively suspended.

Gatt to mediate in US-Japan chips row

By William Dullforce in Geneva

JAPAN will resort immediately to the disputes procedure of the General Agreement on Tariffs and Trade (Gatt) if the US imposes punitive tariffs on Japanese electronic imports tomorrow, a Japanese official said in Geneva yesterday.

Confirmation that Japan would take such a step came as Tokyo agreed that a Gatt disputes panel should examine a separate EEC complaint that the US-Japan semiconductor agreement violated Gatt rules. The Japanese had previously blocked the demand for a panel.

In Brussels yesterday the European Commission initiated another move which would add to EEC-Tokyo trade tension by announcing that the Community would carry out an anti-dumping inquiry into imported Japanese high speed printers.

President Ronald Reagan announced the tariff sanction on $300m worth of selected Japanese imports last month in retaliation for alleged violation by the Japanese of the bilateral semiconductor accord. The US maintains that Japanese manufacturers continued to dump chips on third markets.

The EEC, for its part, has said in Gatt that Japan's undertaking under the agreement to open its market to semiconductor imports would be applied discriminately. Brussels also claims that the price-setting accord deprives the Community of its basic right to decide for itself on anti-dumping action.

Mr Yoshio Mantano, head of the Japanese mission in Geneva, told the Gatt council yesterday that Washington's planned 100 per cent tariff on Japanese imports contravened Gatt's first two articles, which stipulate that trade measures must be non-discriminatory.

In the face of such tariffs, Japan would immediately call for consultations with the US under Gatt and seek the removal of the measures, Mr Hatano said.

Bilateral consultation is the first step in the Gatt disputes procedure. If the issue is not resolved at that stage, a country applies to the Gatt council to set up a disputes panel.

Mr Mike Samuels, a deputy US trade representative, said the US would treat the Japanese request "with the seriousness that it deserves" but surprised delegates by declaring that talks with Japan over the semiconductor dispute were continuing.

US officials said later that more Japanese emissaries had been received in Washington this week but they saw little likelihood of US action on Friday being averted.

Japan lifted its opposition yesterday to the EEC request for a Gatt panel to examine the semiconductor agreement.

Mr Samuels agreed to the US being "put in the dock" alongside Japan provided that it could participate fully in the panel's work. The council approved terms of reference for the panel which would give Washington this right.

Louise Kehoe in San Francisco adds: US proponents of the chip agreement dispute European claims that the agreement discriminates against non-US chip makers. "The trade agreement calls for an increase in Japanese purchases from all foreign based suppliers," said an industry trade expert.

Similarly, US experts say that European concern about the anti-dumping aspects of the US-Japanese trade pact are unfounded because the agreement is designed to prevent Japanese semiconductor dumping worldwide. Although the EEC has objected to the global anti-dumping measure, the experts say Europeans will have to recognise that to prevent dumping without creating "an island of higher prices" in Europe, with subsequent damage to their electronics and computer industries," they will have to follow the same logic that led the US to a global solution."

THE LEX COLUMN

RHM gets stuck into the jam

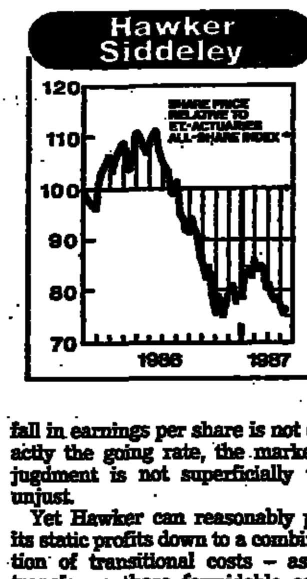
While Ranks Hovis McDougall's advisers were last night quite properly not claiming outright victory over Avana, the announcement that acceptances and purchases totalled over 50 per cent is clearly meant to hustle any last minute waverers to assent fast. With 3.8 per cent of Avana's share capital still in transit to Morgan Grenfell there is just the slightest chance that RHM will not have the physical evidence of ownership needed, under takeover rules, to count over 50 per cent tomorrow.

The episode demonstrates just what bad advice last minute selling in the market can be unless a bid looks like failing. The bidder's bank has little inducement, beyond wanting to make statements like RHM's, to buy loose shares when to do so may be paying cash for what might have been actual acceptances only to run the risk of failing to arrange delivery in time to count them assented. Sales yesterday at about 785p would in any case be settled by the market only a few days before the 800p of the cash alternative becomes payable. The pressure is now on anyone preferring cash to accept fast, as presumably that alternative will not be extended beyond tomorrow's close. Anyone worried about gains tax should consider how far RHM paper may fall after the event.

As for the bid, RHM's offer was so high as to be almost irresistible. It ought to be able to run Avana's branded businesses, particularly Robertson, rather better and a change of ownership might be just in the nick of time given the new jam aggression from Premier Brands. The argument is not quite so convincing on the private label business, but the idea that Avana will shrivel without Dr John Randall is somewhat extreme. If Avana's forecast for the year to 2 April 1988 is met, a switch to RHM's more conservative accounting policies combined with the shares issued will probably dilute RHM's earnings by a couple of pence. That leaves a prospective p/e on RHM of around 15, which includes quite a bit of bid premium itself.

Hawker

To underperform the market has lately been the fate of Hawker Siddeley, and since an 8 per cent fall in earnings per share is not exactly the going rate, the market's judgment is not superficially too unjust.



Yet Hawker can reasonably put its static profits down to a combination of transitional costs – as it transforms those formidable cash resources into a rather more forward-looking business portfolio – and sheer cussedness from uncontrollable forces such as the oil price and the dollar.

Mere stability from crude oil prices should restore some of the order flow for Hawker's smaller diesels, and since there has been some strictness with nagging problems like Canadian railcars and the Onan diesel range, some sort of bounce is built into 1987.

It may be a little longer before shareholders are completely convinced that Hawker's intriguing assortment of add-ons and in-fills is going to produce the goods. But until then, an increased rate of dividend distribution will help to sustain belief.

Debenture

Since long gilt yields climbed above 10 per cent in 1973, crossing the barrier in the opposite direction has been generally held out as a condition for a reopening of the UK corporate debt markets. And once yields actually pushed back into single figures (even briefly dodging below 9 per cent) the interest of corporate treasurers genuinely revived.

This took some doing, given the extent to which the corporate sector had meanwhile de-geared, but in a still-inflationary UK environment there was always a limit to the prospective fall in coupons, and those who were fishing for the bottom of the yield cycle must be wondering if they have now missed their moment.

The yield achieved yesterday by Land Securities' door-step tranche of debenture stock – just 14 basis points under 10 per cent – gives just a suggestion that the window may be closing.

If a wedge of stock that now forms part of a highly liquid £400m issue, secured on nearly £700m of property, can only just get away with a single figure yield, lesser names (with lesser security) are unlikely to manage the trick. But for anyone needing to straighten out some medium-term liabilities, euro-convertibles *must* still be offering yields near their cyclical floor.

Laporte

Like its fellow specialist Cookson, Laporte suffers the embarrassment of seeing its hard-won efforts in speciality chemicals continually matched by its half share in a basically one-product commodity company.

In fact, last year's 18 per cent profits jump from hydrogen peroxide pales beside the performance these days of titanium dioxide, which Laporte sold out of three years ago into the eventual hands of the wily Lord Hanson.

Indeed, the shares have done nothing relative to the market since their rerating on that deal. Yesterday's figures – 1986 pre-tax up 15 per cent at £64.2m – were just as expected, and the shares moved up with the market to 484p. This is not necessarily fair.

Laporte has a point in arguing that hydrogen peroxide is a tricky chemical, calling for a lot of applications research and service from the manufacturer, and its wholly owned portfolio is an intriguing blend of speciality chemicals proper and speciality applications, with not a commodity in sight.

The history of boring but steady 15 per cent growth looks sustainable this year, pointing to pretax of £74m and a prospective multiple of 14 – only just at a premium to the market, and likely to stay there, justly or not.

Moscow talks narrow gap

Continued from Page 1

reductions of strategic arms would be made from five to seven years.

Equally, the Soviet Union has rejected the US proposal that an undertaking not to withdraw from the 1972 anti-ballistic missile (ABM) treaty should be made for a period of only seven years.

Mr Shultz said that modification of the US proposals had been made necessary by Moscow's rejection of President Reagan's original proposal to abolish all strategic weapons over a period of 10 years.

It is also clear that Mr Gorbachev's proposal to establish clear definitions of permitted laboratory research and tests on space weapons does not go nearly far enough to satisfy the US.

Throughout the meeting, Mr Gorbachev again demonstrated his now well known expertise in seizing the diplomatic initiative and influencing both his own and Western public opinion with well-timed new proposals

Philips and Czechoslovakia in joint venture to make VCRs

BY DAVID THOMAS IN LONDON

PHILIPS, the Dutch electronics group, is setting up its first factory in the Eastern bloc in a joint venture with Czechoslovakia to make video recorders and parts.

The venture is unusual for an East-West partnership in that some of its output, which is planned to be large, will eventually be exported to the West.

Philips hopes the factory, in Bratislava, will meet a considerable part of East European demand for video recorders. This is beginning to take off, some years after the video boom in the West.

Under the terms of the deal, Philips is being paid an initial sum, which it said was "in the tens of millions of guilders" for its technology.

The joint company, to be called Avex, will be owned 70 per cent by Testa, a Czech manufacturing concern, 20 per cent by Philips and 10 per cent by Transakta a Czech commercial and distribution body.

The factory will start producing next year, initially at an annual rate of 100,000 video recorders a year, building up to 500,000 by 1993. Philips' present video recorder capacity is about 1m machines a year, mainly at its Vienna factory.

The intention is to supply the Czech market at first, followed by other East European countries and then to start exporting to the West, where Philips will market the recorders. Part of the component production will be contracted to Eastern bloc manufacturers.

Several Eastern bloc countries have recently clarified their laws to encourage joint ventures with Western companies. However, with one or two exceptions, such as Hungary, there have been relatively few ventures, and these have often had mixed fortunes.

Czechoslovakia has only one other East-West venture, with Senetek, the Danish electronics company. The country has been clarifying its law on joint ventures, which was considered too complex to attract Western partners.

Philips believes the venture will help it sell other products in Eastern Europe. It is discussing this with a number of governments at the moment.

Philips' present small sales to the Eastern bloc include electronic medical equipment and electronic consumer goods for shops restricted to people such as diplomats and officials.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	61	Dubrovnik	F	17	63	Malta	C	16	61	Rhodes	R	14	57
Algiers	S	19	66	Edinburgh	C	12	54	Manchester	C	13	55	Rio de J'o	C	37	99
Amsterdam	S	13	55	Faro	C	17	63	Manila	S	36	97	Rome	S	18	64
Athens	F	16	61	Florence	C	18	64	Melbourne	C	16	61	Salzburg	R	8	46
Bahrain	S	34	93	Frankfurt	C	13	55	Mexico City	S	25	77	San Francisco	S	24	75
Bangkok	C	34	93	Funchal	C	20	68	Miami	S	26	79	Seoul	F	18	64
Barcelona	S	17	63	Geneva	S	13	55	Milan	S	16	61	Singapore	S	32	90
Beirut	S	27	81	Gibraltar	C	16	61	Montreal	C	16	61	Stockholm	C	7	45
Belfast	C	12	54	Glasgow	C	11	52	Moscow	C	13	55	Strasbourg	S	15	59
Belgrade	F	12	54	Guernsey	S	12	54	Munich	C	10	50	Sydney	R	21	70
Berlin	C	12	54	Helsinki	C	8	46	Nairobi	C	27	81	Taipei	C	18	64
Biarritz	S	18	64	H. Kong	F	20	68	Naples	F	16	61	Tangier	C	17	63
Bombay	—	—	—	Innsbruck	F	12	54	Nassau	C	28	82	Tel Aviv	S	26	79
Bordeaux	S	17	63	Inverness	F	12	54	New Delhi	S	35	95	Tenerife	F	24	75
Brussels	S	13	55	Is. of Man	F	9	48	New York	C	20	68	Tokyo	F	17	63
Budapest	F	12	54	Istanbul	F	9	48	Nice	S	16	61	Toronto	R	14	57
B. Aires	S	20	68	Jakarta	R	32	90	Nicosia	S	22	72	Tunis	C	17	63
Cairo	S	30	86	Jersey	C	11	52	Oporto	S	23	73	Valencia	S	19	66
Cape Town	F	18	64	Jo'burg	C	26	79	Oslo	C	5	41	Venice	S	14	57
Caracas	C	30	86	Lima	S	26	79	Paris	S	14	57	Vienna	C	14	57
Casablanca	F	22	72	Lisbon	S	21	70	Peking	C	16	61	Warsaw	C	8	46
Chicago	C	13	55	London	S	16	61	Prague	F	11	52	Washington	R	11	52
Cologne	C	11	52	Los Angeles	S	33	91	Reykjavik	C	3	37	Zurich	S	12	54
Copenhagen	C	7	45	Luxembourg	C	12	54								
Corfu	S	17	63	Madrid	S	17	63								
Dallas	F	32	90	Majorca	F	20	68								
Dublin	—	—	—	Malaga	—	—	—								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Saunders payment unlawful

Continued from Page 1

had been "at least reprehensible and at worst dishonest."

The judge said there was a direct conflict of evidence between Mr Roux and Mr Saunders

● On his own evidence Mr Saunders had agreed that another director should receive a £5.2m fee for services "which lasted only just over 12 weeks."

● Two other witnesses, neither of whom had any obvious reason for lying, had made allegations of dishonourable conduct or untrue evidence against Mr Saunders. One had been Mrs Margaret McGrath, his former personal assistant, who alleged that he had ordered documents to be shredded and diary entries erased after the Trade Department inspectors had been appointed.

It was, the judge said, impossible to say where the truth lay about that.

The orders made against Mr Saunders were:

Not to remove assets, up to £5.2m, out of the UK.

Within 14 days to swear an affidavit disclosing all dealings with £3.029m of the £5.2m that had passed through an account at Union Bank of Switzerland lent by Mr Saunders to Mr Ward. Also to produce all documents relating to such dealings and to disclose any other information on he had about the £5.2m.

To swear an affidavit identifying his assets in the UK.

INTERNATIONAL APPOINTMENTS

Accounts Manager

SW1 — **£20,000 plus Benefits**

We are a well-established, fast-growing company providing a wide range of information services to the Motor, Insurance and Finance industries.

We are seeking to recruit an Accounts Manager who will be responsible for the accounts and administration departments and for all aspects of the Company's financial, budgetary and reporting requirements. This new appointment will strengthen the management team and play a key role in the planning and implementation of new systems and procedures within the organisation.

Candidates should hold a professional accountancy qualification and have experience in budgetary, costing and general financial matters. Personal qualities should include enthusiasm, initiative and excellent communication skills.

Please write with full career details to:—

The Personnel Manager
P.O. Box 44
9 Grosvenor Gardens
London SW1W 0BH

People Express founder quits Texas Air post

BY DONALD MACLEAN

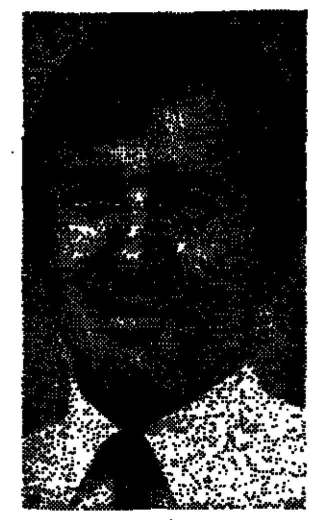
TEXAS AIR CORPORATION, the Houston-based concern which claims control of the largest airline group in the US, has announced that Mr Donald C. Burr, 45, has left his position as executive vice president "to pursue independent business interests."

The nature of these interests, which have yet to be unveiled, are of particular interest since Mr Burr is the former chairman of People Express, the US airline set up to bring air travel into a relatively cheap bracket.

People Express, set up by Mr Burr on his leaving a former post at Texas Air in 1980, was taken over last year by Texas Air, headed by Mr Frank Lorenzo at an eventual price of some $112m, after falling into financial problems and seeing a sharp reduction in its market value.

The takeover was part of a series of expansionary moves carried out by Texas Air over the past year or so, which have included the buying out of the public minority in Continental Airlines and the taking of control of Frontier Airlines and Eastern Airlines.

Mr Burr leaves Texas Air after playing a role in the merger of People Express into Continental Airlines, which has also absorbed New York Air, to become on its own account the third largest US airline — with Eastern Airlines continuing to operate under its own name.



Mr Donald C. Burr: leaving to pursue own business interests

* * *

SAAB AIRCRAFT of America (SAII), the offshoot of Saab-Scania of Sweden, has appointed Mr Ove Dahlen president with effect from October 1. Mr George Attridge, who steps down from this post, which he has held since 1985, is to remain a board member.

Mr Attridge, the former senior vice president of Fairchild Industries, the US industrial concern with interests in aerospace and other fields, has participated in the Saab SF 340 programme since 1979.

Mr Dahlen has been involved in the Saab SF 340 programme in the US since 1980, with responsibility for sales in the eastern US. He is an engineer who was formerly chief test pilot of Marine Flygindustry (MFI). He joined the Saab aircraft division in 1968, on the merger of MFI with Saab-Scania.

The Saab SF 340 regional airliner is produced by the Saab aircraft division of Saab-Scania, the Linkoeping-based motor vehicle and aerospace group. Saab Aircraft of America, based in Herndon, Virginia manages North American marketing, sales and product support for the aircraft.

* * *

MR RAJAN JETLEY, 37, has been appointed managing director of Air India, the Indian government owned international airline, in succession to Mr D. Bose.

Mr Jetley is the airline's youngest ever chief executive. He moves into the post after five years as managing director of the India Tourism Development Corporation.

Top bank in California builds up retail side

BANKAMERICA Corporation, the Californian bank holding company, has appointed Mr Richard Rosenberg as vice chairman and head of a newly designated California banking group, within the international concern.

Mr Rosenberg moves from being president and chief operating officer of BankAmerica's Seafirst Corporation. Mr Richard Cooley, the Seafirst chairman is to resume the additional duties of president.

Mr Rosenberg is to report directly to Mr A. W. Clausen, the BankAmerica chairman, and as well as being responsible for BankAmerica's California banking activities, will serve on the bank's managing committee and on its money and loan policy committee.

Before joining Seafirst, Mr Rosenburg was vice chairman of Crocker National Bank, after moving from Wells Fargo Bank.

BankAmerica describes the creation of the California banking group as a refinement of the retail banking concern, intended "to improve the development and delivery of services and products in California."

Mr Thomas Cooper, BankAmerica president and chief operating officer had been acting as head of California operations.

Quick top reshuffle at NL Industries

BY OUR FINANCIAL STAFF

MR J. LANDIS MARTIN, 41, has taken over as chief executive of NL Industries, the petroleum services and chemicals company with headquarters in Houston and New Jersey, some one month after Mr Harold Simmons, the US financier, took over the post from Mr Theodore Rogers, 52.

Mr Martin is a lawyer who has been a director of NL Industries. He takes over the chief executive position in addition to that of president, and becomes chairman and chief executive of NL Chemicals, a profitable side of NL which stands in the balance of whether or not it is to be sold to NL Industries warrant holders. The market price of the warrants puts a value of some $900m on NL Chemicals.

Mr Simmons, who last year led a group of investors, gathered into the name of Valhi Inc, into a 51 per cent interest in NL Industries, which employs 10,000 around the world, remains chairman of the latter. Mr Martin takes up the post of president of NL Industries as well as that of chief executive.

NL has also announced the election of Mr William H. Welch as president and chief operating officer of NL Petroleum Services, in Houston. Mr Welch is to continue with his responsibilities for the company's petroleum services, as is Mr Fred W. Montanari, with his at NL Chemicals, at which he is president and chief operating officer.

* * *

MCI COMMUNICATIONS Corporation, the US long-distance telephone concern, has elected Mr Orville Wright acting chief executive officer while Mr William McGowan, chairman and chief executive, recuperates from a heart attack suffered in December.

Mr Wright, 66, was president and chief operating officer of the company until his retirement in 1985, and has been lately vice chairman.

The move was made by MCI's board at a meeting in Hilton Head, South Carolina, at the suggestion of Mr McGowan, who is to remain chairman.

* * *

APPLE COMPUTER, the Californian personal computer concern, has appointed Ms Deborah Coleman vice chairman and chief financial officer, in succession to Mr David Barram, who becomes vice president of corporate affairs.

Ms Coleman, 34, was vice president of worldwide operations.

Mr Ralph Russo, who has been director of international operations, succeeds Ms Coleman as vice president of operations.

Accountancy Appointments

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The Cheltenham & Gloucester is the 11th largest Building Society in the UK and one of Britain's most successful, with assets of over £3,800 million, 165 branches throughout the UK and over 1,300 staff.

In preparation for the retirement of the Society's Finance Director, we invite applications for the post of General Manager (Finance).

The General Manager will be responsible to the Managing Director for the successful control of the Society's Finance Division. He or she will be required to make a major contribution to the overall management and continuing success of the Society as well as taking responsibility for all finance and accounting matters including treasury, internal audit and the Society's pension fund. Reporting directly to the General Manager (Finance) will be two Senior Executives – the Society's Treasurer and the Assistant General Manager (Finance).

The ideal candidate, a Chartered or Certified Accountant, will be aged between 35 and 45 and able to demonstrate success and relevant experience at a senior level in the financial services industry. He or she will display enthusiasm and commitment in bringing a highly professional approach to the demands of this challenging position.

In addition to the negotiable salary, a prestige car will be provided and the remuneration package includes a subsidised mortgage and private health scheme. Relocation expenses will be met where appropriate.

Apply in confidence with C.V. demonstrating relevant experience to: *Andrew Longhurst, Managing Director, Cheltenham & Gloucester Building Society, Clarence Street, Cheltenham, Glos GL50 3JR.*

C&G Cheltenham & Gloucester Building Society

Group Financial Controller

INTERNATIONAL PHARMACEUTICAL MANUFACTURER

Substantial remuneration package commensurate with the importance of this post, negotiable, including car and usual benefits. Head Office location—Middlesex

Our client is a UK based manufacturer of pharmaceutical products with major international affiliations, and the group is in a period of considerable expansion as several projects reach maturity. There is the likelihood of the flotation of the whole or part of its operations in the next few years. The successful candidate for the post of controller will have the skills to assist the managing director in steering the group towards this objective.

The controller must be a good communicator, capable of dealing with highly skilled specialists in other disciplines. The successful candidate, who must be hard-working and ambitious, will have the ability to enhance management information systems, and to supervise project analyses and financial modelling exercises. The post also carries the responsibility for the operation of the existing accounting resource at the head office and at the group's other manufacturing and research locations.

It is likely that the candidate will be a chartered accountant, who has developed good commercial and practical experience in the areas emphasised above, outside the profession, and will be aged 35 years or less.

If you have the skills our client is seeking, and are looking for a challenging career step that could lead to broader management opportunities please write to DAVID WADSWORTH, M.A., F.C.A., at the address below with your career resume quoting reference 568/3.

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A major household name group offers the opportunity for a young qualified accountant to control the company's £100 million capital expenditure budget. Largely a developmental role you will be responsible for establishing systems and procedures as well as evaluation techniques. A highly visible position, you will have considerable contact with senior management within the operating divisions. Previous capital expenditure experience is essential. Ref: JG.

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Our client is the autonomous principal subsidiary of a profitable and expanding USM group manufacturing a wide range of hi-tech components. Reporting to the Managing Director and controlling 6 staff the role takes a major part in the commercial management of the subsidiary; providing all financial input to the Board, controlling costs, implementing systems, planning for growth and advising on capital investment and possible acquisitions. Candidates will be qualified accountants aged 28-35 with manufacturing experience and developed commercial acumen. Ref: GR.

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- Business advice, raising finance, acquisition and disposal of companies and corporate strategy
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- Personnel recruitment, training and resource management

Candidates, likely to be from 27 to 35 years of age, will ideally be graduates and/or professionally qualified who can demonstrate initiative and creativity, and possess a proven track record gained in a dynamic professional or commercial environment.

To apply, you should send a full C.V. to Malcolm High, Managing Director.

Moores & Rowland Management Advisory Services Limited,
50 St Andrew Street, Hertford SG14 1JA

Moores & Rowland

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Abbey National Estate Agency Limited was specifically formed to take full advantage of the opportunities offered by extending the Society's mainstream services in the housing market — growth is planned to be initially through acquisition.

The management team leading this new business venture needs a Financial/Management Accountant to join them to ensure that accounting procedures are developed, implemented and monitored throughout the Agency network. The major challenge in the medium term will be the implementation and harmonisation of financial controls and reporting systems. However, there will also be a significant role to be played in the development of the company's plans.

A qualified ACCA, ICMA, or part or newly-qualified ACA, you will be computer literate with practical experience of spreadsheets and computer-based accounting systems. Initiative and flexibility must be coupled with excellent communication skills. The role will involve considerable travel within the UK.

The competitive salary is accompanied by a company car and the range of benefits to be expected of a large financial institution.

Please send full cv to Graham Gould, Manager — Personnel Services (Estate Agency), Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications, which are invited from all sections of the community, is 1 May 1987.

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REUTERS

Assistant Financial Manager

Italy

Package c£37,000
Milan

Reuters are the world leader in financial information and news transmission. The rapid expansion of Reuters Italia SpA has resulted in the creation of a new post within the Finance and Administration department which will provide a challenging opportunity for a dynamic young accountant. For the right person this opening will be a springboard into an international career.

The successful candidate will report to the Financial Manager and have responsibility for several key areas including the preparation and development of budgets, the monthly reporting of results, financial project analysis, and the development of pc software.

Candidates should be qualified accountants, preferably ACMAs, with at least two years' post qualification experience in industry – ideally in the news and information sector.

A willingness to learn Italian is essential, as is a desire to develop personally with the ambitions of the company.

Please send a comprehensive CV, together with salary details, quoting reference MCS/4006 to Miles Holford
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

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Vice President – Finance

London based, up to 25% travel
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Our client, a division of a major multinational group, has sales of $370m and is currently looking to recruit a Vice President – Finance. The company is a worldwide market leader in its field.

As a member of a small senior management team, based in London, you will provide support to the President in the line management of operations in fifteen countries.

The successful applicant will be a qualified accountant, aged 35-45. Experience of U.S. reporting in a multinational organisation and a strong background in broadly based management information systems are pre-requisites. However, it is essential that you can demonstrate considerable business acumen and thrive in a competitive and commercial environment.

Interested candidates should write to **Philip Rice MA, ACMA, Executive Division**, enclosing a comprehensive CV and daytime telephone number quoting ref. 399 at 39-41 Parker Street, London WC2B 5LH.

MP

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Tax Specialists
Grant Thornton London

Grant Thornton are one of the UK's most prestigious firms providing a wide range of financial and business services to clients. To support the continuing expansion of our tax practice in London, we are looking for a number of specialists to join our team including:

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In the Personal Financial Services Division who could help direct the practice expansion and contribute at a high technical level in the areas of personal tax, trusts etc.

Tax Managers
For both corporate and personal tax who can manage a portfolio of clients and give constructive advice.

New to Tax
We are seeking recently qualified ACAs who wish to specialise in corporate tax.

International Tax
Opportunities exist for qualified ACAs who ideally have at least 18 months tax experience, to move into this area.

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With at least 2 years experience.

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Who have had a number of years VAT experience and should demonstrate an ability to relate to both clients and other staff.

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We advise a wide range of individuals on investments, insurances and financial planning etc and are looking for candidates to undertake responsible roles in this area.

Tax Trainees
We are seeking ambitious candidates with good 'A' Level passes to train for a career in tax.

Our standards are high and we are interested in candidates with a commitment to tax, a desire to expand their technical knowledge and the ability to apply a commercial approach to problem solving.

In return, we can offer excellent career opportunities and a comprehensive training programme, built initially around the ATII examinations. Interested candidates should send CV's to Antony Wilson, Head of Tax, Grant Thornton, Fairfax House, Fulwood Place, London WC1V 6DW. We also have vacancies in Crawley and other provincial offices.

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Recent positive events within Apricot Computers Plc have led to the promotion of the existing Group Financial Director. Consequently, his replacement is now urgently sought. This main board post will carry full corporate financial responsibility within the group which in the next year is set to achieve £100 million turnover.

The position will appeal to dynamic, business minded individuals with an eye for general management in the medium term. Your background could be in a similar organisation, probably a PLC, or alternatively with a major accounting practice – at Partner or Designate level.

Interested candidates should be Chartered Accountants, aged 30-40, with the confidence and presence to act as the focal point for all city and press relationships.

Initial written applications should be forwarded to SCR who have been exclusively retained to advise on this crucial appointment.

Please forward comprehensive CV to Andrew Carter, Managing Director, SCR at the Birmingham address below. Interviews will be conducted in London, Birmingham and Manchester.

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The successful candidate is likely to be a recently qualified Accountant who will be able to demonstrate initiative and drive. Good interpersonal skills are essential as the role will involve a lot of exposure to senior management and dealers. Career prospects are excellent.

Interested applicants should write enclosing a comprehensive C.V. to Hugh Everard at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH or contact him on 01-831 2000.

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Our wide product range coupled with the international nature of our business demands the highest powers of ability and knowledge, likely to be found in an accountant or lawyer with substantial tax experience within a multinational environment.

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This senior role, reporting in at Vice President level, offers high visibility and considerable involvement in the development of tax-efficient financial products, mergers and acquisitions and Eurosecurities.

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This vital new appointment will appeal to those aged 40-50 whose top-level group financial experience has been gained preferably in manufacturing industry.

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Remuneration is negotiable around the level indicated, with appropriate executive benefits provided.

Please send full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2178/FT.

PA

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chappell international

MUSIC PUBLISHERS SINCE 1811

Assistant Treasurer

Central London

Chappell International Music Publishers Limited, part of the worldwide Chappell and Intersong Music Group, are seeking to consolidate its Group Treasury function with this key appointment.

This challenging opportunity offers excellent career prospects for a young, self-motivated person, ideally aged 24-35.

Reporting directly to the Treasurer, you will be responsible for producing debt and cash reports, cash forecasts and currency exposure reports. You will also have responsibility for day-to-day funding, cash management and foreign exchange.

The ideal applicant will currently be completing their final accounting or treasury exams and will have a good knowledge of and experience with PCs and in particular the Lotus 123 package.

An attractive salary and benefit package is offered including annual bonus, PPP and four weeks' holiday.

Applications in writing, enclosing full career details and current salary, should be sent to:

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FINANCIAL DIRECTOR DESIGNATE

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We wish to recruit a Financial Director Designate to run our management reporting, finance, costing and other administrative functions and to co-ordinate the accounting integration of any new activities.

This challenging position will provide a wealth of experience to candidates who will be qualified accountants and appreciate a "hands on" approach.

Please apply in confidence, enclose a CV and details of your current employment package and indicate exactly how you meet our requirements to *Box A0494, Financial Times, 10 Cannon Street, London EC4P 4BY.*

Our client is a blue-chip national firm of Chartered Surveyors employing around 200 people and based in Cambridge. They act for a wide range of private and corporate clients—traditional landlords, hi-tech companies, family trusts, pension funds, the Church, university colleges and public investment and development corporations. They are expanding rapidly. This creates exciting career opportunities in their Financial Services Department for two recently qualified professional people of exceptional calibre.

Financial Controller

to take control of the normal financial, management accounting, budgeting, statutory, banking and audit responsibilities in a highly computerised environment with cash flows of client's and firm's money exceeding £70 million. Candidates aged 25 to 30 must be graduates and Chartered Accountants. Experience outside the profession, ideally in the service sector, would be useful but is not essential. An interest in tax could be advantageous. Reference 973.

Assistant Company Secretary

to assume control of normal Company Secretarial responsibilities including legal, payroll, pension, asset management, personnel, accommodation, insurance and other administration. Aged 25 to 30 candidates should be graduates with a law, accounting or secretarial qualification and an interest in joining a firm where initiative is positively encouraged and rewarded. Reference 974.

Both new positions will report to the Finance Partner who has controlled these activities directly hitherto.

A high salary plus bonus and excellent side benefits are offered. Both positions are career appointments with outstanding prospects.

Candidates, please write, in strict confidence, giving details of experience, age, qualifications and present salary, quoting appropriate reference. No details will be divulged to our client without prior permission.

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- **A complex and demanding business environment together with an exceptional quality of life.**

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In this new position, you will make full use of your management and financial accounting skills, as the multi-partner, multi-currency nature of our business requires rigorous accounting controls.

By motivating a sizeable team of skilled staff to reach the highest standards of accuracy and efficiency, you will ensure that our financial procedures and treasury controls meet the satisfaction of our partners and statutory auditors, and that our systems remain the best in the business.

Head Of Alwyn Accounts

To meet the challenge of the reporting demands arising from the expansion of our operation, you will assess and implement changes to our present reporting systems. In addition, you will ensure that the accounting procedures for Alwyn North are consistent with our joint venture agreements and corporate requirements.

These are demanding new positions calling for qualified Accountants with a minimum of 3 years' post-qualifying commercial/industrial experience. Excellent communicative and interpersonal skills are essential as is personal presence, confidence and maturity. Age guide: 28-40.

Career prospects within the company, in Aberdeen or elsewhere, are excellent. Attractive starting salaries, negotiable around the figure quoted, are offered, together with a comprehensive benefits package, including annual bonus, BUPA, contributory pension schemes and life assurance. Generous relocation assistance is available, where appropriate.

If you want to broaden your experience in a fast-expanding energy company, please write with your c.v. or telephone for an application form to:– Graham Cuthbert, Head of Recruitment, Total Oil Marine plc, Crawpeel Road, Altens, Aberdeen AB9 2AG. Telephone: 0224 858172.

TOTAL
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Chief Accountant

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Reporting to the Group Financial Controller the individual will be responsible for the efficient control of financial information from within the division which includes substantial stockbroking, unit trust and discretionary managed funds businesses. In addition to managing the provision of monthly management and statutory accounts, budgets and systems development you will be involved in evaluating potential acquisitions.

The successful applicant will be aged 28-35 and a Chartered Accountant, with a confident and mature approach. The ability to communicate at all levels is essential. Your background will probably include investment management and/or stockbroking experience.

Interested candidates should write to Philip Rice *MA, ACMA, Executive Division*, enclosing a comprehensive C.V. and daytime telephone number quoting ref. 401 at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
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Partnership Secretary/ Financial Controller

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Our client is a large and successful firm of solicitors operating in the heart of the West Country. Over the last one hundred years the practice has established a reputation for reliability and professionalism. This, combined with an innovative and positive approach to future growth has made the firm a major regional force in the legal profession.

They now seek to recruit an individual to undertake the role of Financial Controller and Partnership Secretary, a newly created post offering not only career progression but very real challenge and enjoyment.

Initially the duties will include: ★ full financial control of the practice ★ day-to-day running of the accounting function ★ provision of management information for the partners ★ systems development ★ tax and treasury ★ and, secretarial duties. However, it is envisaged that the role will soon progress into carrying responsibility for identifying, researching and engineering future, and possibly diverse, business opportunities for the practice to enter, thus creating both organic and dynamic growth.

Applicants should be qualified accountants (preferably graduate ACA), aged 27-35, with an impressive track record to date. Additionally, qualities of innovation, resourcefulness, diplomacy, persuasion, communicative skills and strength of character must be displayed, together with a strong and urgent sense of commercial awareness. This is not a retirement post.

On offer is not just an excellent remuneration and benefits package (including an executive car and full relocation assistance where applicable) but the opportunity to play a vital and decisive role in the future of this firm.

Interested applicants should write, enclosing a comprehensive C.V. to Renny Hayes BA, ACA at 29, St Augustine's Parade, Bristol BS1 4UL, quoting reference 8070.

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London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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REUTERS REUTERS REUTERS

Systems Accountant

City Area — **c£20,000**

Reuters Holdings PLC is the leading world news and information organisation supplying services to the media and financial communities around the world.

As part of its continuing expansion, the company is seeking a qualified Chartered Accountant with considerable systems/audit experience to fill a new post in the UK Finance Department.

The Systems Accountant will head a team of 8 staff concerned with the development, implementation and operation of computerised accounting systems. Duties will include responsibility for the procedures and internal controls to support these systems, as well as follow up and progress reporting on the implementation of audit recommendations.

Implementation of new accounting packages on IBM mainframe computers, a new general ledger chart of accounts and fully integrated contract accounting systems are scheduled for 1987. In addition systems are being developed in other areas of Reuters UK business operations which impact upon the accounting and management information systems. The Systems Accountant will ensure that finance staff and general management obtain maximum advantage from the investment in these systems.

Applications are invited from young Chartered Accountants seeking a challenging career, who have experience of implementing new systems and can work on their own initiative. Good interpersonal skills are essential as is the ability to motive staff.

In addition to an attractive salary and excellent career prospects, benefits include 6 weeks holiday, free BUPA membership, interest-free season ticket loan and the opportunity to participate in a SAYE share purchase scheme.

Please telephone 01-353 7329 (24 hour answering service) for an application form or send your detailed curriculum vitae to Miss Angela Dean, The Recruitment Executive,

Reuters,
85 Fleet Street,
London EC4P 4AJ.
We are an equal opportunities employer.

REUTERS REUTERS REUTERS

FINANCIAL DIRECTOR

Engineering — **c.£22,000 + bonus + car**

Our client is world leader in the manufacture of a specialist range of automotive products. The Company is profitable with sales of £13m, and employs 400 people in a delightful part of the Midlands.

Overall the task is to be fully responsible for all financial and secretarial functions, and to play a full part in the general running of the business. In particular there is a need for innovation in strategic planning and the development of more effective management information systems.

We are seeking a qualified Accountant who combines professional flair with a thoroughly practical approach. This will probably have evolved from a background in a demanding engineering company with well developed computerised systems and a high level of exports.

A good range of benefits is offered, and the Group of which this Company is a part offers good career opportunities.

The People Partnership

Please send a full c.v. indicating salary and quoting ref PP028 to:
**Frank Friend,
The People Partnership, Television House,
Mount Street, Manchester M2 5WS.**

New Pensions Department

Devonport Royal Dockyard is inviting applications for the post of Senior Pensions Administrator to form part of a small team handling the requirements of a Pension Scheme being specially set up for the 11,000 employees in the Dockyard.

[illegible]

(Team Leader)

The position requires you to have at least 4-5 years in-depth experience of self administered Pension Schemes. Under the Pensions Manager you will be responsible for the day to day administration of the Pensions Department's activities. Ideally you will be a member of the PMI or at least in the final stages of the examinations.

A good working knowledge of OPB SFO Regulations and experience of computer based systems is essential.

An understanding of Pension Scheme accounting and Stock Exchange transactions would be an advantage.

Applicants should write enclosing a Curriculum Vitae to:
The Employment Manager, The Personnel Department, Devonport Royal Dockyard PLC, Devonport, Plymouth PL1 4SG.

Devonport Royal Dockyard

Company Accountant

Due to continued expansion, Royal Life International, part of the worldwide Royal Insurance Group, wishes to strengthen its senior management team.

The position of Company Accountant is a senior appointment which represents an excellent opportunity for a qualified accountant to develop his/her management potential within a challenging environment.

Reporting to the Company Secretary you will, initially, be responsible for company accounts, statutory returns, the development of manual and computerised financial control and information systems plus cash and currency management. You will also be involved in a variety of special projects related to future developments.

The requirement is for someone with two to three years' post-qualification experience within the financial services sector. The ability to manage small teams and communicate effectively with colleagues at all levels from clerical staff to senior management is essential.

The successful candidate will be based at the Company's Head Office in the Isle of Man which offers a unique environment coupled with a maximum tax rate of 20%. The position will carry an attractive salary and a range of fringe benefits. A company car will be provided and the Company will meet any necessary relocation costs.

Applications, together with a comprehensive curriculum vitae, should be addressed to:—

The Company Secretary
Royal Life Insurance International Limited
Bridge House
Castletown
Isle of Man
British Isles

Royal Life International

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SHROPSHIRE — **c£18,000 + Benefits**

Highly profitable retail outlet with a consistent record of achievement offers dynamic role to outstanding young A.C.A./A.C.C.A.

Reporting direct to board this high powered appointment necessitates an active contribution towards the continuing success and increased expansion of this progressive private group. Special emphasis will be placed on both the control of an extremely busy finance function and the committed participation in the decision making process.

Unlimited career prospects for ambitious, commercially aware individual.

For further details please contact:
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Wolverhampton WV1 4EX.
Telephone: 0902 771975

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TAX PARTNER DESIGNATE *to take responsibility for all taxation affairs* of an expanding medium sized firm with a sizeable taxation department.

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For further details please contact:
The Manager,
Accountancy Personnel,
2nd Floor,
Bristol & West House,
10 Regent Circus,
Swindon SN1 1PP.
Telephone: 0793 612211

Imperial Chemical Industries PLC

Senior Financial Management

Cheshire **£25,000 + Car**

This position arises from the promotion of the present occupant and represents a rare opportunity to join one of the UK's leading multinational companies at a senior management level.

Reporting to the Corporate Audit Manager, the appointee will manage a substantial high-calibre team. He/she will be responsible for directing the growth and future development of a comprehensive internal audit service covering all corporate systems and activities in Western Europe. This post is seen as the initial role in a long term career in senior financial management throughout the Group's international operations.

Applicants should be graduate Chartered Accountants, aged 28-35, with a minimum of 3 years' audit management experience, who can demonstrate the intellect, drive and ambition required to succeed in a highly competitive environment.

Comprehensive relocation facilities are available where appropriate. Interested applicants should contact Stephen Banks, ACMA, quoting ref. 7084 on 061-228 0396, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

International Financial Management

London/Kent border **to £20,000 + Car**

Our client is a highly successful worldwide manufacturing group with a turnover approaching £200 million.

A vacancy exists for a qualified accountant to undertake a high profile role in the group's overseas operations in Europe, the United States, Africa, Asia and Australia. The work will include provision of management information, analysis of performance and special investigations involving extensive contact with general management and some overseas travel.

Successful candidates will be under 35 with experience of manufacturing operations. While a group and international background would be an advantage, a mature approach and good communications skills are essential. In addition to the attractive salary package, the company offers excellent career prospects and relocation assistance.

For further information contact Chris Sale on 01-831 2000 (evenings and weekends 01-622 5321) or write to Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting reference LS426.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Divisional Finance Director

West Yorkshire **to £35,000 + Car + Benefits**

Our client is one of the principal divisions of a major UK public group with a turnover in excess of £100 million. Operating on a wide geographical base the division consists of three main businesses engaged in the manufacture and distribution of a range of consumer products. It is committed to both organic and acquisitional growth and has an outstanding track record of recent success.

Reporting to the Divisional Chief Executive you will have responsibility for a small department. Each of the operating units is self accounting with its own financial managers. Initial priorities will include the re-organisation of the accounting function and improvement of the existing management information systems to meet the demands of a fast moving business. In addition you will be actively involved in the commercial appraisal of potential businesses development and acquisitions.

The successful candidate will be a qualified accountant, aged 33+ with a progressive track record of achievements and well developed staff management skills preferably gained in a service based environment. Previous experience of managing and developing computerised systems is considered essential. Personal qualities will include flexibility and enthusiasm coupled with an assertive yet tactful style. Candidates must be able to demonstrate an understanding of overall group concepts and have the potential for personal career development.

Interested applicants should write to Stephen J. Broadhurst, quoting reference L8319, at the Executive Division, Michael Page Partnership, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Group Financial Controller

City **c£45K + car + benefits**

Our client, a London based financial services group with interests in banking, insurance and stock-broking, is looking to recruit a Group Financial Controller. Reporting to the Group Finance Director you will be responsible for the group-wide activities of the Finance Division and, in this context, will need to make regular visits to both UK and overseas subsidiaries.

This is a new role within the organisation and responsibilities will include ensuring a flow of management information of the highest quality; involvement in acquisitions and divestments; making Board presentations and managing ad hoc projects as they arise.

The successful applicant will be a graduate Chartered Accountant probably with a "big 8" background. Previous experience as a senior manager in a financial institution is essential. Aged 30-40 you will be resourceful, energetic and ambitious.

Interested candidates who meet these demanding requirements should write to Philip Rice MA, ACMA, Executive Division, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 397 at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

North East London **to £35,000 + car**

Our client is one of Europe's largest privately-owned group of companies with an aggressive and highly commercial profile.

One of their subsidiaries specialises in the marketing and distribution of pre-recorded video films for which they are seeking a Financial Controller who will assist the Managing Director. The position will be supported by a small team and the responsibilities will encompass all aspects of finance and administration.

The company operates in a highly competitive and rapidly changing market. The position will therefore appeal to an ambitious and commercially minded individual who enjoys working in a fast moving environment.

The successful candidate, aged over 30, must have the ability to work in a small company environment, and is likely to be a qualified accountant with a background in retail or distribution. A knowledge of computer based accounting systems would be an advantage.

Interested applicants should write to Jon Anderson ACMA enclosing a comprehensive C.V. and daytime telephone number at the Executive Division, 39-41 Parker Street, London WC2B 5LH, quoting ref No. 398.

Michael Page Partnership
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London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Chief Accountant Banking

Southern Home Counties **c£35K + car + benefits**

Our client, a widely diversified banking group and an extremely well respected company within the City, is seeking to recruit a Chief Accountant to head up its Finance Division based in Sussex.

This is a key role within the organisation and responsibilities include; the management of ten staff in preparing monthly management information, statutory accounts, tax computations, budgets and Bank of England returns. Presentations would be made to the Board and the ability to communicate effectively at this level is essential.

You will be aged 30-40 and a graduate Chartered Accountant. Recent experience in a senior financial position in banking is desirable, however a background in a financial institution of some description is essential.

An exceptional salary package is offered and interested candidates who closely match the requirements should write to Philip Rice MA, ACMA, Executive Division, enclosing a comprehensive C.V. and daytime telephone number quoting ref. 396 at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Finance Director

S. Manchester **c£20,000 + car**

Our client is a profitable, autonomous £6m t/o manufacturing subsidiary of a major UK Plc operating from modern premises in South Manchester.

Internal promotion has created the requirement for a Finance Director, to assume complete responsibility for the on-site finance and DP functions. Although technical capability is essential, the major emphasis of the position will be commercially orientated. The successful applicant will be expected to work very closely with the Managing Director to form an integral part of a cohesive management team. Specific areas of involvement will include strong input to the areas of costing and pricing, negotiations with customers, suppliers and unions, business planning and systems development.

Candidates, aged 28-35, should be qualified accountants (preferably ACMA), who can demonstrate a strong track record of success gained in manufacturing environments, coupled with the interpersonal skills and mature self confidence required to progress to a Managing Directorship within 5 years.

Interest applicants should write to Frederick Howie, quoting ref. 7083, at the Executive Division, Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel: 061-228 0396.

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London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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HARVEST MOON

Financial Director Designate

Leicester **c£25,000 + car + bonus**

Our client is Lesley Dee Fashion Group Ltd, a highly profitable and rapidly expanding company currently employing over 400 people. Activities are based on the design and manufacture of knitted clothing for distribution throughout the UK and include retailing and promotion.

The role, reporting to the Managing Director, includes the provision of all statutory and management information, corporate planning, budgetary control/forecasting and the development of financial strategy possibly leading to a market quotation. You will also be expected to become fully involved in all aspects of the groups' affairs as a senior member of the management team.

Suitable candidates will preferably be Chartered Accountants with up to 5 years' post qualification experience, a high degree of commercial awareness, ambition and a determination to succeed.

Applicants should contact Rod Shaw quoting ref. 5010 giving full details of career to date at the Executive Division, Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX, or telephone 0602 410130.

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Bristol	0272 276509	Nottingham	0602 410130	Glasgow	041-331 2579

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Scrubland to Superstore

The Financial Consideration

Management Accountant **c£18,000+Car**

There's a certain attraction in 'starting with a clean slate'. For our London-based Development Division it's in finding desolate sites around the country and transforming them into superb new *Sainsbury's stores.* If *you're* an accomplished Management Accountant the, 'clean slate' could be a brand new role within this Division heading the management accounting section of our Financial Control Department; a recently created team dedicated to the many financial considerations of turning scrubland into superstores.

Providing appropriate and timely financial information to divisional management will be achieved through the design, development and enhancement of management reports. This will demand an innovative and creative approach particularly in working with D. P. professionals to generate new information systems. Effective control of a team of two assistants should ensure accurate budgeting and forecasting on a period basis for large capital expenditures.

A *qualified* accountant, preferably ICMA, your post qualification experience in a large organisation should ideally be biased towards capital expenditure control or in a property development environment. Of *great importance also, will be your ability* to operate effectively under pressure, your skills in influencing non-financial project management teams and your commitment to developing both the role and the Division.

Success will lead naturally to career progression either within the department or into other business areas. The salary c.£18,000 is negotiable depending on depth of experience, there is a company car and benefits are those you would expect from one of the UK's most successful retailers including relocation assistance where appropriate. Please write with full c.v. to Mrs S. D. Tasker, Recruitment Officer, J Sainsbury plc., Wakefield House, Stamford Street, London SE1 9LL. Tel: 01-921 6104.

SAINSBURY'S

GROUP MANAGEMENT ACCOUNTANT

c£20,000 + Car **Hertfordshire**

Frogmore Estates plc is a major property development and investment group having been publicly quoted since 1971 and now having property assets *approaching £120m and net assets of over £90m.*

The Group has now embarked on a period of sustained expansion and wishes to recruit a qualified accountant to strengthen the management team.

Initially, the person will be required to take over the complete management accounting function, including some treasury work, and therefore needs to have good all-round experience of all aspects of financial management, including taxation.

Following the initial settling-in period, the person will then be expected to assume the role of deputy to the Company Secretary who controls all the Group's financial and administrative services.

The Group is based at Watton-at-Stone in Hertfordshire but some travelling to our office in the West End of London will be required.

FROGMORE ESTATES PLC

The *Group is currently considering the introduction of* a powerful integrated computer system and experience in this area could be of advantage.

The role envisaged is considered to be important, carries with it a high level of responsibility and offers excellent prospects and scope for the future to the right person. Thus, a salary of not less than £20,000 per annum plus a company car and other benefits is envisaged.

Please apply for an application form in writing to T.M. Birchmore, Company Secretary, Frogmore Estates plc, Frogmore Hall, Watton-at-Stone, Herts SG14 3RW or by ringing his secretary on Ware (0920) 830033.

ASDA-MFI

GROUP PLC

ASDA–MFI Group Plc has experienced rapid growth in recent years and is now a £2.5 billion turnover market leader in today's highly competitive retailing sector. The Group is currently implementing a massive product development and capital investment programme, which incorporates the formation of a new Group Head Office function to be based in Watford. This will be the centre for corporate reporting and strategic development. They now wish to appoint two high calibre professionals to join the senior management team.

Group Tax Manager

c£30,000 + Car

This demanding new position will have responsibility for setting up the Group Tax Function. This includes development of tax planning and administration for all activities associated with retail operations, car leasing, new ventures, acquisitions and disposals. Applicants should be graduate ACA/ATII's aged 28 plus with a proven track record in tax planning and *control.*

Assistant Group Financial Controller

to £25,000 + Car

This challenging new position will have responsibility for financial planning, management reporting, systems development, acquisition investigations and supervision of a small, highly qualified Group Finance Team. Applicants, preferably graduate ACA's aged 26-35, should be capable of demonstrating commercial awareness and should possess an intelligent approach to *problem solving.*

These positions afford generous negotiable salary packages with excellent prospects for progression within this dynamic organisation. Interested candidates should write to Vanessa Nelson enclosing a C. V. quoting ref. HCN 1004, at Centurion House, 136-142 London Road, St. Albans, AL1 1SA.

MP

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Group Finance Director Designate

Godalming **c.£30,000 + car**

Alan Paine

Fine English Knitwear

Alan Paine's business is to design, manufacture and market luxury knitwear. 80% of its £12 million turnover is exported and there are sales subsidiaries in USA and West Germany. *It is looking for a Finance Director to join its* energetic board and to participate in its policy and decision making. The job reports to the Chief Executive and includes responsibility for initiating and implementing new computerised accounting systems and introducing new financial controls in the overseas subsidiaries.

We see the job as an exciting opportunity for a broadly-based businessperson, preferably an FCA and aged early or mid-30s, who is both familiar with sophisticated *management* systems and enjoys hands-on project work. A board appointment will follow a successful induction period. A full range of benefits goes with the job.

Please send cv, in confidence, to Humphrey Sturt, Ref: 1381/HS/FT.

PA

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Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Sherwood

Financial Director Designate

Gloucester **to £25,000 + Bens**

Our client, Sherwood Computel Ltd, is a wholly-owned subsidiary of Sherwood Computer Services plc providing specialist computer systems for commercial, financial and insurance applications. The company provides bureau, software services and software products to an impressive and varied client base, offering a unique blend of innovative talent and sound experience.

They now seek to recruit a Financial Director Designate, following internal promotion within the group of the present encumbent. *The designatory period is anticipated to be of* short duration before full board status is attained. Responsibilities will include ★ provision of management, statutory and financial information ★ functional reporting to group ★ full financial control and day-to-day responsibility over the accounting department ★ taxation, treasury and company secretarial duties ★ liaison with external parties and advisors ★ supervision of the Administrative and Personnel functions ★ and, participation in the strategic management of the business.

The ideal candidate will be a graduate ACA or ACCA, aged 27-35, with an outstanding track record to date, preferably *within the financial service industry. A strong, ambitious* personality is sought, together with the motivation and ability to play a proactive role within this growth orientated and progressive group. Of vital importance are the combined skills of fine attention to detail together with broad *commercial instinct.*

The financial rewards are excellent including an initial salary of up to £25,000, a fully expensed executive car, private health and full relocation assistance where applicable.

Interested candidates should write, enclosing a comprehensive curriculum vitae to Renny Hayes BA, ACA at 29 St. Augustine's Parade, Bristol BS1 4UL quoting reference 8071.

MP

Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol St Albans Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

Compliance

£Neg + bonus + benefits

Our client is one of the most influential and fastest growing International Securities Houses in London. It is particularly active in the eurobond and international and UK equity markets with a worldwide reputation for professionalism and expertise.

The London Office are now looking for two key professionals to work in a small team, developing and maintaining compliance procedures for all areas of the *business, advising on special issues and liaising with* regulatory authorities as well as line management.

To succeed you must be a lawyer or accountant with around two years' post-qualification experience. A securities or banking background would be advantageous but is certainly not essential. The ability to think and communicate clearly is vital. Tact and persuasive powers are also necessary.

Neither the salary packages nor future career potential will be limiting factors for the right people.

In the first instance please write with full career details *quoting reference CRS 837, to Stephen E Garlick,* Lockyer, Bradshaw & Wilson, 39-41 Parker Street, London WC2B 5LH.

LBW

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APPOINTMENTS

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INTERNATIONAL AUDITOR

£Neg **Extensive travel**

We are a Dallas–based corporation with worldwide activities, predominantly in the energy, engineering and construction industries.

A first class career opportunity has arisen within our International Audit Department based in Central London. The team has responsibility for all locations outside the U.S.A. which currently include Europe, Asia, Middle East, South America and Africa.

We require a graduate Chartered or Certified Accountant, aged 25+, able to speak and read German.

The successful candidate will spend approximately 50% of his/her time overseas and therefore great emphasis is placed on personal qualities. Applicants must be results-orientated with a thoroughly investigative approach and have first class oral and written communication skills.

If you can meet this exciting challenge please send a comprehensive C.V. that includes *current salary to:*

Denis Hart, Enserch House, 8 St. James's Square, London SW1Y 4JU.

ENSERCH

INTERNATIONAL AUDIT

SWIRE GROUP

Corporate Finance

John Swire & Sons Ltd. the Head Office of this International Group is seeking a Chartered Accountant as assistant to the Head of Corporate Finance in London. The London office is currently located in the City but will move to the Victoria area during 1988.

The successful applicant will be aged 26-30 and preferably have some relevant post-qualification experience. A degree in economics *or an MBA* would be an advantage although not essential. Career opportunities in finance or general management within the Group, outside the UK may be available after a period of approximately 3 years in London.

A competitive salary, car and other benefits will be offered.

Write in confidence to:

J. C. Brodie, Personnel Manager
JOHN SWIRE & SONS LTD
Regis House, 43-46 King William Street, London EC4R 9BE

FINANCIAL CONTROLLER

London **c£26,000 + Car**

Our client is a well established, highly regarded and profitable property development company which specialises in major shopping centre and office projects.

The company now wishes to recruit a Financial Controller, reporting to the Chairman, *whose responsibilities will include reporting,* control, *systems development,* surplus funds management, profit and tax planning and who will work closely with the board in structuring project financing.

Candidates should be Chartered Accountants aged around 30 with experience in a small/medium sized professional firm and with a minimum of 2 years post qualification experience in industry/commerce. They should be numerate, creative and at home in a small, entrepreneurial environment.

Future prospects are excellent, related to performance within a close knit management team.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to D.E. SHRIBMAN.

HUDSON SHRIBMAN

THE COMPLETE FINANCIAL SELECTION SERVICE

Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

FINANCE/SYSTEMS DIRECTOR (RETAILING)

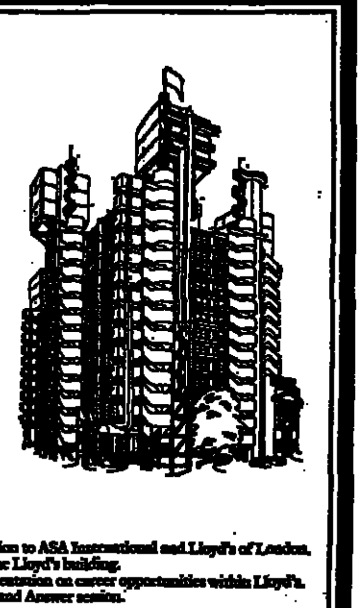
West Yorkshire — **£40,000 + Prestige car and Benefits**

This challenging and prestigious appointment is with a multi branch retailer of consumer products whose growth and development in recent years has been phenomenal. The company is a wholly owned but autonomously managed division of a leading UK quoted retail group.
The Finance/Systems Director will be a key member of the very senior management team with specific responsibility for the overall financial and strategic management of the business — its growth and development both organically and through further acquisition.
The successful candidate will be a Qualified Accountant with a successful career gained to date within a fast-moving consumer goods/retail environment. A key requirement of the post is a sound and detailed understanding of computerised systems development. Personal qualities must include well defined communication skills and a proven commercial approach to business. The salary and benefits package will be highly attractive and an excellent relocation package is available in appropriate circumstances.
Please apply in the first instance to Brian R. C. Daniels (Managing Director), Daniels Bates Partnership Ltd, Leeds Office. Tel: (0532) 461671, quoting ref: 87/2370FT.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Daniel Bates Partnership Ltd., Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB.
Tel: (0532) 461671 (5 lines 24 hours).
Also at: Sheffield, Tel: (0742) 754015
Darlington, Tel: (0325) 465992
Manchester, Tel: (061) 835 3311

LLOYD'S OF LONDON



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ASA has been retained to recruit young recently qualified ACA's who wish to make their first career step into the City.
To discover how you could benefit from a career with the Lloyd's Corporation, we would like to invite you to attend:–

An Introduction to Lloyd's.
Lloyd's, Lime Street, London, EC3.
Monday 27th April 1987

6.30–6.45 – Introduction to ASA International and Lloyd's of London.
6.45–7.15 – Tour of the Lloyd's building.
7.15–7.45 – Slide presentation on career opportunities within Lloyd's.
7.45–8.30 – Question and Answer session.
Light refreshments will be available.

Numbers are strictly limited, so to reserve your place, please contact **David Frusher on 01-353 1244.**

Ludgate House, 107-111 Fleet Street, London EC4B 2AB

International Recruitment Consultants
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Churchill

Financial Controller

North Staffordshire — **c.£20,000**

With a £20m turnover Churchill are Britain's largest independent Pottery Manufacturer. Strong worldwide demand for its hotelware, domestic tableware and mugs necessitate the appointment of a **Financial Controller** to manage the existing financial team.

The successful candidate should be a qualified Accountant between 30 and 40 years of age with a proven track record within industry. The position requires a thorough knowledge of computers and the ability to develop and extend accounting systems.

The person appointed will be a member of the senior management team and will participate in decision making and policy formation in a competitive environment. The prospects for advancement are excellent for a strong personable character.

Please send full career and personal details including salary progression to **Andrew Roper, Commercial Director, Churchill Tableware Limited, Anchor Pottery, Bridgewood Street, Longton, Stoke-on-Trent, Staffs. ST3 1JJ**

Group Chief Accountant (Designate)

c.£24,000 — *Central London*

Our Client is a small and highly successful professional management company. It handles the financial affairs of eight PLC companies with an impressive and growing market capitalisation. Companies within the group represent mining, financial and investment interests in UK, Zimbabwe and South Africa.
A Group Chief Accountant (Designate) is now required to understudy and deputise for the present office holder until his retirement in mid-1988. Primary responsibility of the post is the production of statutory accounts to audit standard.
Age is less important than maturity of approach and the ability to bring a fresh outlook to bear. You will be rewarded by a challenging position, and an attractive salary and benefits package.
If you are looking for a challenge, write now with your CV to: Joseph Duncan, PER Management Selection, Rex House, 4-12 Regent Street, London SW1Y 4PP.

PER *Management Selection*

FINANCIAL DIRECTOR

Financial Services — **from £45,000 plus car, etc.**

Our client is a well-established firm operating in diverse commodities and futures markets around the world.

Besides being responsible for all financial and administrative functions, the financial director will be extensively involved with the overall development of the business, working closely with the chief executive. There will be an immediate requirement to review and update the financial and information control systems, and computer resources, to cope with the ever-widening scope of financial activities.

Applicants should be qualified accountants, with substantial financial control experience at a senior level, together with total business exposure in a competitive commercial environment. Experience in financial futures, options and commodity trading generally will be most useful. An essential requirement will be the ability to join an enthusiastic, growing team that is building a solid businesss.

In addition to a negotiable salary there is an excellent range of benefits.

In the first instance, please send brief personal and career details to Douglas G Mizon quoting reference F657M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Plessey Naval Systems

Financial and Management Accountants

Salaries up to £21K

We are world leaders in Sonar Technology with outstanding resources dedicated to the research and development of naval defence systems.

In line with current growth we are seeking to supplement our Financial and Management Accounting team at various locations in Southern England and the South West.

Successful candidates will discover their initial role will provide a stepping stone to accelerated levels of responsibility and reward.

You are likely to be between 24-45, part or fully qualified.

These positions carry a competitive salary, private health care and a generous relocation package.

Applicants should forward letter of application and C.V. to Mr J Treece, Recruitment & Training Manager, Plessey Naval Systems, Wilkinthroop House, Templecombe, Somerset BA8 0DH. Tel: (0963) 70551.

PLESSEY
The height of high technology.

Finance & Systems Director

South London — **c£25,000 plus car plus benefits**

A manufacturing company, part of a progressive public group, is seeking the appointment of a Finance & Systems Director in its South London operation.

Applicants must be qualified accountants who can demonstrate considerable manufacturing based experience at senior management level.

As well as having complete control of a Finance & Systems Department, the successful candidate will need to have the skills to develop new procedures and accounting controls in a structured manner within this high volume manufacturing business.

The position will report to the Company Managing Director.

Apply in confidence to: Box A0495, Financial Times, 10 Cannon Street, London EC4P 4BY.

International Appointments

GEC India

Finance Director

GEC India manufactures a wide range of electrical equipment for industry and public utilities. About 6000 people are employed in four principal factories and an extensive branch and regional network. The head office is in Calcutta.
This is an opportunity of interest to able and energetic qualified Accountants in their 30's, who are prepared to accept full financial responsibility in an unusually challenging situation. It should be an initial step in career development within the large and wide-ranging GEC Group.
Experience in both trading and manufacturing is needed.
Applicants must be capable of applying firm financial control and contributing to the profitable running of the business in a very demanding environment.
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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday April 16 1987

Gemina buys 12% stake in NBA for L200bn

BY ALAN FRIEDMAN IN MILAN

GEMINA, the Milan holding company controlled by Fiat, has announced that it is paying L200bn ($153.8m) to acquire 12 per cent of Nuovo Banco Ambrosiano (NBA), the successor to the late Mr Roberto Calvi's failed bank.

The purchase will see three Gemina executives appointed to the bank's board, according to Mr Cesare Romiti, the Fiat managing director who is also chairman of Gemina.

The move by Gemina – which only last autumn was blocked by the Bank of Italy from making an offer for the Italian subsidiary of the Bank of America – is part of an overall strategy of developing a financial services empire consisting of banking, insurance, mutual fund, leasing and factoring activities.

Although both Mr Giovanni Goria, the Treasury Minister, and the central bank have been worried about the evident desire by the Agnelli and De Benedetti groups to move into banking and related activities, Mr Romiti claimed in Milan on Tuesday evening that the Bank of Italy had been informed of the transaction and had "expressed its satisfaction."

The central bank, concerned about the historic precedents in Italy which have seen the misuse of deposit funds, has been opposed to industrial or holding vehicles buying bank shareholding which are much above the 10 per cent mark.

Although Gemina has bought only a 12 per cent shareholding it is clear that the Fiat managing director intends to make Gemina's presence felt in the bank anyway.

On Tuesday Mr Romiti mentioned forming a "control syndicate", an instrument in Italian finance which groups together minority shareholders in order to exert control.

The arrival of Gemina as a key NBA shareholder was welcomed by Mr Giovanni Bazoli, the Bank's chairman who is also a member of the board of directors of Gemina.

Aside from the NBA investment, Gemina's holdings include 59.26 per cent of the Rizzoli-Corriere Della Sera publishing group and contested control of the intercontinentale insurance group (Mr Carlo De Benedetti claimed last week that control of this company had been sold twice, both to Gemina and to his own group).

Gemina also owns 13 per cent of Telettra, the telecommunications subsidiary of Fiat and a small stake in the Pirelli holding company.

AT & T ahead despite sales fall

By Anatole Kaletsky in New York

AMERICAN Telephone & Telegraph, despite substantially reduced revenues, increased first-quarter net earnings by 26 per cent to $445m or 40 cents a share from $354m or 31 cents a share in the same period last year.

The 1986 result was restated downwards from $529m or 47 cents a share as a result of a change in depreciation accounting announced by the company earlier this year.

AT&T's revenues fell 7 per cent to $8.12bn from $8.71bn in the year-ago period. Revenues were down in each of the group's accounting categories.

Sales of services, at $4.59bn, were 3 per cent lower than the year before, primarily because of cuts in AT&T's long-distance tariffs.

However, analysts said that AT&T's long-distance sales volumes appear to have performed strongly, with the company continuing to regain market share from its smaller competitors, MCI and Sprint.

Sales of products, at $2.49bn, were 9 per cent below the level in the corresponding period last year. Rental revenues were 20 per cent down at $1.04bn, largely as a result of AT&T's retrenchment in the personal computer business and the continuing penetration of imported products in the domestic telephone market.

AT&T chairman, Mr James Olson, described the first quarter's performance as "somewhat better than expected – showing more quickly than anticipated the benefits of cost reduction efforts begun last year." He said he was encouraged as he looked ahead in projecting a "long run sustained upward trajectory in earnings".

Stock market analysts generally shared his subdued optimism and AT&T shares rose $⅛ to $24⅛ by lunch time in heavy Wall Street trading.

ELECTRONICS GROUP SEEKS TO REDUCE POLITICAL INFLUENCE ON CGCT BID

Siemens plays down Bonn role

BY PETER BRUCE IN MUNICH

SIEMENS, West Germany's biggest electronics concern, has asked the Bonn Government to tone down its championing of the company in the race to win control of the state-owned Compagnie Générale de Constructions Telephoniques (CGCT), France's second largest public switch producer.

Siemens, in a consortium with a French partner, Jeumont Schneider, believes it is running a close second to AT&T of the US which is in partnership with Philips, and SAT of France.

Late last year, however, the company's efforts to break into the big US telephone switch equipment market were publicly threatened by the US Administration, which had become irritated at West German pressure on Paris to sell CGCT to the Siemens consortium.

"The politicians have made more of it than we wanted," said Mr Peter von Schau, deputy director of Siemens' telecommunications division.

The company had originally asked the West German Posts Minister, Mr Christian Schwarz-Schilling, to deal with French demands that, in return for selling control of CGCT to Siemens, the Germans would buy more French telecoms equipment.

> Siemens believes its offer has a 50-50 chance of success but adds 'we would never do a deal that would have to be answerable to politicians.'

Mr Von Schau insisted that Siemens' final bid at the beginning of March had a "50-50" chance of succeeding, but he said, "we would never do a deal that would have to be answerable to politicians".

Given the intense American interest in CGCT, Mr Von Schau also said that victory for Siemens would probably have "bad short-term consequences" for Siemens in the US, where it is just beginning to chalk up real successes with its EWSD digital switch.

A threat last November by Mr Mark Fowler, chairman of the US Federal Communications Commission (FCC), to introduce barriers to the sale of foreign telecoms equipment, clearly unsettled Siemens. The Americans argued that their market was open while the Europeans appeared to be ganging together to keep theirs closed.

Somewhat defensively , Mr Von Schau said Siemens had only entered the race for CGCT at the invitation of the old French Government early last year and then again, after talks broke down over reciprocity, by the new one last summer.

Paris wants to sell CGCT for around FFr 500m ($83.6m) to a consortium in which French partners have a voting majority but where the main foreign bidder would assume management control of the group.

"We really were invited by the (French)," Mr Von Schau said, "We haven't tried to push our way in."

CGCT, nationalised in 1982, has roughly 15 per cent of the French switch equipment market, but was losing 10 pfg for every DM 1 in turnover and would only add 3 per cent to Siemens' sales, he said.

Siemens feels anyway that it has not been taken entirely seriously since by the French. Mr Von Schau said he doubted whether the French authorities knew enough about Siemens technology to be able to judge its bid properly.

He said: "We have had very few (French) technicians here and been given very little time. Here one senses a predisposition (towards the Americans)."

Almost as if paving the way, in fact, for a decision in favour of AT&T, French postal authority officials have begun to bad-mouth Siemens' switch in private, saying it does not have the capacity the Americans could offer and that it would be difficult to adapt to the existing French system. This, claimed Mr Von Schau, "is an old story."

"We have taken over many European norms," he said, "and the same problems that we have adapting our technology in America apply to the Americans in Europe."

Paris has, in fact, promised to conduct another series of technology tests on all serious contenders for CGCT (including Ericsson of Sweden and Canada's Northern Telecom) before making a final decision by the end of April.

Siemens' remaining hopes rest on a job guarantee promise made in its final offer. The company has promised, too, that if it wins, it will build a new software centre in France to help first with the adaptation of the EWSD system to the French telephone network but which would later be expanded.

Société Générale to triple state dividend

BY GEORGE GRAHAM IN PARIS

SOCIETE GENERALE, the French bank which is soon to be privatised, is to make a farewell gift to its shareholder, the state.

The group will nearly triple its dividend to the state to around FFr 380m($63.3m) bringing it up to market levels, after years of paying only a symbolic dividend.

Net consolidated profits rose last year by 64 per cent to FFr 2.664bn, Société Générale announced yesterday, despite a drop in corporate lending and declining interest rates.

Capital gains provided a boost to the results, climbing to FFr 873m last year from FFr 200m in 1985, as Société Générale reduced its shareholding in the expanding Compagnie Bancaire group – which has now become its major competitor in many markets such as personal loans and insurance.

Even without capital gains, however, the group raised profits by 29 per cent over the year, thanks to increasing commission income from its activities in the financial markets and to a 37 per cent rise in personal lending.

Mr Maro Vienot, Société Générale's chairman, said he expected the bank to be privatised in the second half of June or in September.

"You cannot say that the state has played its part as shareholder in a pernickety way, but Société Générale is satisfied to be recognised as one of the first banks to be privatised", he said.

The bank is reorganising its financial holding structure. This is due to be completed on May 6, bringing around FFr 7.5bn of realised capital gains onto Société Générale's balance sheet next year.

"This will exteriorise some of the asset values which may be underestimated by our friends at Moody's and Standard & Poors," Mr Vienot said. This was a reference to the US rating agencies, which recently said they may downgrade the credit ratings of the leading French banks because of their imminent privatisations and the rapid changes in the French financial markets.

Crédit Lyonnais, reporting next week, and Banque Nationale de Paris, the following week, are both also expected to announce earnings growth of more than 50 per cent.

Security Pacific lifts earnings 12% in wake of acquisitions

BY WILLIAM HALL IN NEW YORK

SECURITY PACIFIC, the US West Coast banking group, increased its net income in the first quarter by 12.2 per cent to $98.6m, or $1.21 a share, mainly reflecting lower loan-loss provisions and higher non-interest income.

Mr Richard Flamson, chief executive of the sixth biggest banking group, said the increase reflected "the added strength resulting from our 1986 acquisitions of The Arizona Bank and Hoare Govett".

In addition, he said, Security Pacific's "diversified and balanced earnings stream more than offset the negative impact of putting certain Latin American loans on a non-accrual basis."

Three other US banks – Bank of Boston, Republic New York, and NBD Bancorp – also reported profit increases yesterday.

Security Pacific's net interest income rose 10 per cent in the first quarter to $485.5m and non-interest income rose 35 per cent to $396.4m.

Overall growth was affected by the inclusion of The Arizona Bank and Hoare Govett in the current quarter as well as a $34.7m pre-tax gain on the sale of RMJ Securities in the year ago quarter.

Non-performing loans at end-March totalled $1.78bn, or 4.01 per cent of total loans, compared with $1.2bn, or 2.7 per cent of total loans, at the end of 1986.

The group's primary capital ratio has also slipped from 6.69 per cent at the end of 1986 to 6.53 per cent.

Bank of Boston, another major regional US banking group, increased its net income 35 per cent to $70.8m, or $1.06 a share, which the group attributed to higher net interest revenues and a reduction in the growth of non-interest expenses.

The group increased its provision for loan losses in the latest quarter by $10m to $45m, but this was more than offset by a 20 per cent rise in net interest revenue to $304.9m.

Bank of Boston's annualised return on average common equity increased from 15.29 per cent to 17.29 per cent in the latest quarter and its annualised return on average assets rose from 0.77 per cent to 0.92 per cent.

Mr Ira Stepanian, the group chief executive, said that he was especially pleased with the results because last year's earnings included profits from the sale of stock acquired in a loan restructuring and the sale of a subsidiary's building.

At Detroit-based NBD Bancorp, first-quarter net rose from $42.8m, or 97 cents a share, to $48.1m, or $1.01, on a sharp rise in total assets from $17.7bn to $22.5bn, reflecting an acquisition.

Republic New York boosted operating net earnings from $32.7m, or $1.10 a share, to $48.8m, or $1.57. However, the latest period excludes a $15.9m charge from early extinguishment of debt.

AMR rises despite fares war

By Our New York Staff

AMR, parent of American Airlines, appears to have flown unscathed through the recent US airfare wars, and yesterday reported a 44 per cent rise in first-quarter net income to $19.9m or 34 cents a share from $13.8m or 20 cents. This was despite a near tripling in financing costs related to its large expansion programme.

AMR, the third biggest US carrier after United and Texas Air, increased scheduled revenue passenger miles flown from 11.49bn to 12.15bn in the first quarter.

Total revenues increased 3.7 per cent to $1.5bn, but the group said the figure would have increased 8.4 per cent if revenues from subsidiaries sold last year were excluded from the 1986 base. AMR's shares rose $1⅛ to $52⅛ in early trading yesterday.

Mr Robert Crandall, chief executive, said he was "quite pleased" with the first-quarter earnings. "Our successful revenue management and cost control programmes both contributed to the favourable performance," said Mr Crandall.

The yield (the average amount of revenue per passenger mile) increased 2.6 per cent to 10.39 cents while revenue passenger miles were up 5.8 per cent.

Operating income in the first quarter rose from $36.6m to $72.2m but operating expenses only rose 1.3 per cent. Available seat miles increased 11.4 per cent. As a result cost per available seat mile fell 5.7 per cent to 7.26 cents.

American's load factor fell decreased 3.3 points to 62 per cent

Buoyant Coca-Cola posts 15% rise to $185.4m

BY DAVID OWEN IN NEW YORK

COCA-COLA, the US soft drinks group, yesterday reported a 15 per cent increase in first-quarter net income to $185.4m, or 49 cents a share, against $161.2m, or 42 cents, a year earlier, reflecting significantly higher operating income in its international soft drinks and entertainment divisions and the dollar's weakness.

The figures mark a continuation of the company's buoyant 1986 performance. First-quarter revenues totalled $1.9bn, compared with $1.73bn in the corresponding year-earlier period.

Looking forward to a "continuing strong performance" in the remainder of the year, Mr Roberto Goizueta, chairman and chief executive, also highlighted the 27 per cent first quarter operating income gain.

"These results come on top of what was an outstanding comparable quarter last year," he added.

Operating income grew faster than net income due to the higher interest expense associated with increased borrowing to fund share repurchases and other investments.

In the first quarter, the company completed a 10m share repurchase programme announced last December.

Worldwide volume gains in the soft drinks operation amounted to 10 per cent, with the international sector almost entirely responsible. North American volume was flat, following inventory building by bottlers in the final quarter last year.

Entertainment sector operating income rose strongly due to the continued success of various productions of Merv Griffin Enterprises acquired in the second quarter of 1986.

Food-sector operating income was flat, although volume rises were achieved in both the chilled and frozen orange juice categories.

BNL places 2m shares

By Our Milan Correspondent

BANCA Nazionale del Lavoro (BNL), Italy's largest state bank, said yesterday that L53bn ($41m) of non-voting savings shares had been placed outside Italy with institutional investors.

The placing of 2m BNL shares, at L26,500 each, included an unusual block placing in the US as well as in Europe.

The placing was organised by Credit Suisse First Boston and BNL itself, along with Cazenove, Nomura Securities, Dresdner Bank, Svenska Handelsbanken, Banque Nationale de Paris, J. Henry Schroder Wagg and Banque Bruxelles Lambert.

Apple advances 6% on higher sales

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE COMPUTER'S sales rose 41 per cent in the second quarter, but profits at the US personal computer manufacturer grew by only 6 per cent.

The higher than expected sales of Apple's new Macintosh SE, introduced in February, contributed substantially to the growth in total turnover, ahead at $575.3m, compared with $408.9m for the same period last year.

Net income for the quarter ended March 27 was $33.9m, or 51 cents a share, up from $31.8m, or 50 cents previously.

The lower income growth reflects a 43 per cent increase in research and development spending as well as higher marketing and sales expenses. Apple said that it plans major product introductions this year.

The company holds a cash hoard of $702.4m prompting speculation that it may be planning an acquisition.

For the first half, Apple showed sales of $1.24bn, up from $942.8m. Net income for the period rose from $88.7m or $1.42 a share, to $92.3m, or $1.40.

Providence share offer

By George Graham in Paris

THE takeover battle for the Providence insurance group which rocked France's financial markets last year is to have its sequel.

The Axa group, headed by Mr Claude Bebear, eventual winner over Mr Bernard Pagezy's Compagnie Du Midi in the struggle for control of Providence, is to reintroduce the company next week to the French second market.

The Providence company, now merged with Le Secours to form a new group named Presence Assurances, will be offered for sale on April 23 at a price of FFr 500 a share, valuing the company at FFr 2.28bn ($380m).

Heavily focused on accident and especially car insurance, Presence made consolidated net profits of FFr 244m last year, excluding minorities, down slightly from 1985.

HCA turns down again in quarter

BY OUR FINANCIAL STAFF

HOSPITAL CORPORATION of America, the US health care group which last week received an unsolicited $3.6bn takover bid, has suffered a further fall in earnings, with first-quarter net profits down from $94.1m or $1.10 a share to $80.1m or 98 cents.

However, excluding capital gains in the latest period of just $1.9m against $8.5m a year earlier, the rates of decline in net income and earnings per share for the latest quarter were less than those of the preceding four quarters, the company said yesterday.

Mr Thomas Frist, chairman and chief executive, said: "HCA's results were better than general investor expectations, reflecting initial benefits from various operational and financial initiatives effected over the past several months."

In common with other hospital operators, HCA has been hit by declining bed occupancy rates over the past year, and has been battling to control costs. The problems of the sector, formerly one of Wall Street's favourites, have encouraged takeover bids, including the recent unsuccessful $1.9bn bid for HCA's rival American Medical International.

At HCA, the rate of decline in general hospital inpatient admissions continued to lessen in the latest quarter, Mr Frist said. HCA's psychiatric company, which opened five new hospitals in the quarter, and general hospital outpatient services experienced strong revenue growth.

Total revenues rose from $1.25bn to $1.3bn, up 4 per cent. However, this would have been a 9 per cent rise without the effects of divestitures.

INTERNATIONAL COMPANIES and FINANCE

Purolator Courier board backs bid

BY OUR FINANCIAL STAFF

THE BOARD of Purolator Courier, a US express parcel carrier, has recommended that shareholders accept the tender offer worth up to $253m by EAF Acquisition, a wholly owned subsidiary of Emery Air Freight, a rival carrier.

The recommendation is based on the assumption that in the event of a merger up to 6.33m shares – representing 83 per cent – will be purchased for $40 a share in cash and that most of the remaining shares will be converted into $40 nominal of Emery 13 per cent junior subordinated debentures due 2002.

Purolator has pointed out in discussions with Emery that certain conditions to the Emery offer may not be satisfied before it expires. Purolator does not know whether Emery intends to waive these conditions, if necessary, to permit shares to be purchased in the offer.

Meanwhile, to satisfy the offer conditions Purolator directors have authorised redemption of the company's common stock purchase rights at 5 cents per right.

The two companies are continuing to discuss the possibility of a merger agreement on the same terms as the tender offer. The Purolator board believes a merger agreement with Emery would be in the best interests of shareholders.

An earlier $35 a share offer for Purolator by a group including members of management and E. F. Hutton Group has been terminated.

Merck maintains growth with 28% rise in quarter

BY DAVID OWEN IN NEW YORK

MERCK, the US pharmaceutical company which is a constituent of the Dow Jones industrial index, yesterday reported a 28 per cent advance in first-quarter net income, apparently maintaining last year's solid growth.

Despite the rise the company's share price, which has more than doubled since early 1986, fell back sharply in early trading, dropping $4⅝ to $153¾ and leaving analysts puzzled.

Overall, net income totalled $201.3m or $1.47 a share, compared with $157.8m ($1.12 a share) in the year earlier period. First quarter 1987 sales were $1.1bn against $921.1m a year ago.

Just under one-third of the 21 per cent quarter-to-quarter growth in sales was attributable to the weakness of the dollar against major foreign currencies, the company said, with the rapid acceptance of new Merck products in various fields cited as another key factor.

Unit volume gains were registered by both US and international operations.

Sales outside the US increased in importance, accounting for 49 per cent of first quarter sales, compared with 46 per cent in the same period last year.

Merck was one of three major US drug companies to make quarterly results statements yesterday, with both Warner-Lambert and Pfizer reporting increases in first quarter earnings compared with a year ago.

The more diversified Warner-Lambert, which last year underwent a period of major restructuring, pushed net income to a record $73.4m or $1.02 a share – up 17 per cent from the corresponding 1986 quarter.

Sales rose 10 per cent to $822.2m. Per share earnings were aided by the company's continuing share repurchase programme.

Pfizer, meanwhile, boosted its first-quarter net earnings to $192m ($1.13 a share) against $168.9m ($1 a share) in 1986. Sales edged up to $1.12bn from $1.03bn a year ago.

The latest quarter includes $53.1m from the settlement of a patent infringement judgement substantially offset by pre-tax provisions for uninsured product liability claims and restructuring costs.

Standard Oil delays BP offer decision

By William Hall in New York

THE INDEPENDENT directors of Standard Oil, the US affiliate of British Petroleum (BP), have delayed taking a decision on the fairness of BP's $70 a share cash tender offer for the 45 per cent minority in Standard Oil because of the "differing views" of the investment bankers involved.

The special committee of seven independent, non-executive directors of Standard Oil met yesterday and determined unanimously that "because of differing views that it has received from investment bankers as to the valuation of the company it recommends that the company not take a position at this time."

The independent directors had hoped to have completed their review of the fairness of the BP offer and be in a position to report to Standard Oil's board by April 14. However, shortly after BP began its tender offer on April 1 it became clear there was a considerable difference of opinion on the subject of the value of Standard Oil between First Boston, the investment bank retained to advise the independent directors, and Goldman Sachs, BP's adviser.

On April 6 First Boston reported that the BP offer was "inadequate from a financial point of view" and said the company was worth at least $85 per share. BP and Goldman Sachs subsequently described First Boston's conclusion as "ill-founded and incorrect." This prompted an angry response from First Boston which described the comments of the BP advisory team as "premature and clearly designed to condition the market."

Since March 26 when BP announced its $7.4bn offer, Standard Oil's shares have traded at a premium of up to $2¼ above BP's $70 per share offer.

Northrop ahead as spending on F-20 Tigershark ends

BY OUR FINANCIAL STAFF

NORTHROP, the US military aerospace group, turned in marginally higher first-quarter net earnings of $40.6m, or 87 cents a share, compared with $39.3m, or 85 cents, a year earlier. Sales were ahead to $1.41bn from $1.29bn last time.

The group said the increase in net income reflected the absence of spending on the F-20 Tigershark programme, which was concluded at the end of 1986, and to improved performance on the F-A-18 programme. Northrop wrote off $46m on the F-20 project in the first quarter of 1986.

However, the latest quarter results also reflect the lower operating margin, compared with that seen a year ago, which was applied to a customer sponsored research and development contract.

The sale of fewer 747 and F-5s and the phasing out of the Peace Hawk services programme in Saudi Arabia also kept net income lower than it might have been, the group said.

The order backlog at the end of the three months was down at $4bn from $4.31bn a year earlier.

For the whole of 1986 Northrop earnings plunged to $41.2m, from $214.4m, or to 89 cents a share from $4.63, the previous year, partly because of sharply higher Tigershark expenditure and the absence of the $98.5m in special gains seen in 1985.

US QUARTERLIES

ALLIED BANCSHARES
Banking

First quarter	1987 $	1986 $
Net profits	†28.5m	14.5m
Net per share	0.40	0.26

† Loss

AMERITECH
Phone service

First quarter	1987 $	1986 $
Revenue	2.3bn	2.28bn
Net profits	290m	284.7m
Net per share	2.03	1.95

NORWEST
Banking

First quarter	1987 $	1986 $
Assets	20.2bn	19.5bn
Net profits	30.7m	27.1m
Net per share	0.93	0.80

BOWATER INC
Newsprint, paper products

First quarter	1987 $	1986 $
Revenue	282.9m	200.1m
Net profits	11.8m	7.2m
Net per share	0.32	0.18

CALFED
Savings and loans

First quarter	1987 $	1986 $
Assets	21.8bn	19.4bn
Net profits	45.3m	35.8m
Net per share	1.81	1.62

DOVER
Elevators, industrial eqpt

First quarter	1987 $	1986 $
Revenue	388.2m	355m
Net profits	22.3m	18.8m
Net per share	0.69	0.54

W. R. GRACE
Chemicals

First quarter	1987 $	1986 $
Revenue	982.8m	943.4m
Op. net profits	11.7m	4.7m
Op. net per share	0.27	943.4m

MORTON THIOKOL
Salt, chemicals, aerospace

Third quarter	1986-87 $	1985-86 $
Revenue	519.8m	519.5m
Net profits	38.2m	38.1m
Net per share	0.76	0.76

Taft shareholders join forces to enter bidding

BY DAVID OWEN IN NEW YORK

TAFT BROADCASTING, the US television station operator and programme producer recently embroiled in a series of bids and takeover speculation, has received another improved proposal, valued at more than $1.4bn.

The latest offer came from the unlikely partnership of its largest shareholders, joined under the name TFBA LP, which comprises Mr Robert Bass, the Texan investor, Mr Dudley Taft, Taft vice chairman and American Financial. Together they own some 42 per cent of the Cincinnati-based company's common stock.

In addition, FMI Financial, American Financial's 72 per cent-owned subsidiary which is heading the partnership, is chaired by another investor, Mr Carl Lindner, who controls 16.2 per cent of Taft Broadcasting.

In a move related to the latest proposal Theta Corp, an investment group headed by Mr Taft and including Narragansett Capital, a Rhode Island-based investment firm, withdrew its earlier offer to take Taft Broadcasting private in a $1.38bn deal.

Under the proposal, Taft shareholders would receive at their option $155 per share in cash or $142 in cash and one share of FMI common stock. The company is to submit the TFBA offer to its board for consideration.

In view of some strong recent disagreements over the direction which the company should take, many doubt that Mr Taft and Mr Bass will work together on more than a short-term basis. However, some analysts point to possible adverse tax consequences if the company is broken up.

Océ improves net earnings

By Our Financial Staff

OCE, THE Dutch copier group, continues to increase profits, lifting net earnings for the first quarter of this year to Fl 16.1m ($7.93m) from Fl 15.4m ($7.58m) a year ago.

Turnover again moved lower. Oc'e gets about 90 per cent of sales revenue from outside the Netherlands and turnover in recent quarters has been hit by the weakness of the dollar.

Sales for the three months ended March were Fl 435.9m, against Fl 461.9m. For 1986 as a whole, turnover dipped by 4 per cent to Fl 1.89bn.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Dollar nervousness constrains trading

BY CLARE PEARSON

THE EURODOLLAR bond market traded quietly but nervously yesterday with prices unchanged to slightly lower at the close, having given up early gains during a flurry of short covering after the dollar had opened higher.

Dealers initially rushed to cover short positions created during the volatile session on Tuesday that followed the release of disappointing US

INTERNATIONAL BONDS

trade data. But an easing in the US Treasury market during afternoon trading time in London later sapped dealers' enthusiasm to buy the Eurobond market.

New issue managers judged that investors were in no mood for new straight Eurodollar deals, but nevertheless two issues emerged designed to lure the investor in by giving him a play on two other markets—the gold market, and the US equity market.

Union Bank of Switzerland (Securities) led a novel $100m 8 per cent bond for Swedish Export Credit with put and call warrants on the Major Market Index (MMI) of the top 20 companies quoted on the New York stock exchange.

Each three-year bond, priced at 105.175, has five put and five call warrants attached. When exercised, the one-year call warrants give the investor the dollar equivalent of a quarter of the difference between the spot price of the MMI at that time and the strike price of 445. The two-year put options entitle the holder to ¼ of the difference of the strike price and the spot price.

The lead-manager said that the issue, which had been largely pre-placed, was designed to appeal to investors who broadly expected a further appreciation in US share prices over the next year, and a fall thereafter.

The issue, which trades as a package of warrants and bond till the end of June, was quoted at less 1¼ bid—the level of its total fees—but dealers said it did not trade widely.

Meanwhile, Credit Suisse First Boston followed up a crop of recent similar bonds inspired by the sharp rise in the price of gold with a $100m zero coupon bond with gold warrants for Banque Nationale de Paris.

The bond seemed designed for investors expecting the dollar to weaken over the next few years but eventually strengthen. Since it was structured as a zero coupon bond, it would allow maximum exposure to an inverse relation between the dollar and the price of gold.

But dealers said investors taking a view like this were likely to be professionals, and they might be reluctant to pay such a high premium for a play on gold.

The five-year zero coupon issue is priced at 80. Each $1,000 bond has a warrant attached entitling the holder to buy gold at a price of $496 per oz for the next three years.

The lead-manager quoted a trading level of 79 bid, but the bond did not trade widely.

Elsewhere, Nikko Securities launched a Y20bn five-year bond for Den norske Creditbank, though the Euroyen market was still in a shaky state after heavy price falls on Tuesday.

The five-year 4¼ per cent bond is priced at 102 and may be put by the investor, and called by the borrower, at par after three years.

Prices in the D-Mark market rose by up to ¾ point.

In Switzerland, prices were unchanged in moderate volume.

Pickens group postpones issue

MESA LIMITED Partnership, the company owned by Mr T. Boone Pickens, the Texas oilman, is postponing until further notice a planned issue in the Swiss franc bond market, lead-manager S. G. Warburg Soditic said yesterday.

Soditic said the decision to delay the bond's launch had been taken in the light of "general market conditions and of recent events currently affecting investments in the oil and gas industry."

The launch of a SFr 120m seven-year bond for Mesa was announced on Monday. A coupon of 5¼ per cent was indicated at the time.

Toronto SE plans five extra seats for big bang

By Bernard Simon in Toronto

THE TORONTO Stock Exchange is to create five extra trading seats to satisfy demand ahead by the forthcoming liberalisation of ownership rules in the Canadian securities industry.

It said the seats would be sold on a first come, first served basis for C$360,000 (US$273,000) each. Applications are expected to open on May 15. Several bids are expected from foreign institutions wanting to take advantage of Canada's "big bang."

The asking price for the seats is 20 per cent higher than a record price of C$300,000 paid for an existing seat earlier this month by Bache Securities, the US-owned firm which is planning to expand its Canadian operations.

In a sign of things to come in Canadian financial markets, Bache has obtained permission from the authorities to scrap a 1981 "sterilisation" agreement which barred it from doing business in Canada with its commonly-owned sister company, Prudential Insurance.

Bache's Canadian securities arm, which already owns two TSE seats, changed its name yesterday to Prudential-Bache and has begun selling the insurance company's mutual funds.

TSE seats were selling for less than C$50,000 as recently as the second half of last year. Evidence of rising demand was illustrated earlier this year when Toronto-Dominion Bank became the first bank to buy a trading seat, paying C$195,000.

Regulatory reforms due to be implemented on June 30 will allow banks and other financial institutions to enter the securities business for the first time by buying existing brokerage firms or setting up their own securities subsidiaries. Foreign firms will initially be limited to a 50 per cent shareholding, but this ceiling will be removed in mid-1988.

Haig Simonian and Andrew Fisher on executive departures at America's top bank

Frankfurt exodus catches up with Citibank

WHEN THE chief executive of a bank denies that some of his top staff are leaving for competitors, which already list them in their internal phone directories, things must be getting difficult.

But Mr Friedrich Menzel, head of Citibank's Frankfurt branch, dismisses suggestions that the bank's top investment bankers have been quitting in unusually large numbers.

Nevertheless, eight out of the bank's nine senior securities and corporate finance professionals have left since January.

First off the mark was Mr Hans Ritz, a former director of Citibank in Frankfurt, who resigned in January to join the growing Matuschka financial group. Mr Ritz, a highly respected investment banker in West Germany, was probably drawn by the greater entrepreneurialism — and higher rewards—of a partnership in the smaller Munich-based group.

He was followed by Mr Bernd Mueller, head of securities trading, who quit along with three colleagues to join the fledgling investment bank being set up in Frankfurt by Manufacturers Hanover.

Since then the list of departures has grown. Mr Wolfgang Schaaf, head of corporate finance, who has a wide area of responsibility covering mergers and acquisitions, buy-outs, venture capital and equity listings, is going to Salomon Brothers.

A number of Mr Schaaf's lieutenants have also departed in the past four weeks. Mr Wolfgang Burkhardt, in charge of new issues, left at the end of March after only six months in the bank to take up a new post at BHF-Bank. Mr Joe Defregger, head of mergers and acquisitions, quit two weeks ago for a firm of headhunters. And Mr Johannes Drerup, who was in charge of Citi's venture capital side, left to start a joint venture capital operation in Frankfurt.

Mr Menzel hotly denies anything exceptional is happening at the bank. "Is it unusual for people to leave," he asks drily, while suggesting that at least one of the top departees would have been asked to go anyway.

One of the reasons investment bankers have been leaving is the considerable upheaval that has already taken place at Citicorp Investment Bank in London. The London and Frankfurt operations worked closely together, and the New York-inspired changes which triggered a large number of senior defections in London have now gradually worked their way through to Frankfurt, where there has been a domino effect down the bank.

However, morale at Citibank's Frankfurt branch has not been at its best for some time. The bank's move into middle-market corporate business last year was followed very soon by an embarrassing decision to pull out. The affair is still regularly quoted by West German competitors warning of the perils of working in a US institution.

Mr Gunther Greiner, Citibank's New York-based division head for Europe, admitted in Frankfurt last week that errors had been made and these mistakes had to be corrected. However, his pledge that no more branches would be shut — provided they performed to expectations — did little to boost confidence.

Moving out of middle-market business was accompanied by a substantial staff reduction programme, which is still having repercussions in Frankfurt. "I am still receiving plenty of applications from people at Citibank," says the local manager of one West German bank.

However, the losses on the investment banking side have more specific causes. "A general lack of direction, coming from a constantly changing policy" is a regularly cited complaint, together with dissatisfaction about cost cutting imposed from New York. Although costs have been reduced, there has been a marked loss of talent and the bank's culture has been damaged.

Moreover, many investment bankers have felt frustrated by the bank's confusing lines of reporting. In its plans for a global European securities operation, for example, Frankfurt and Zurich have regional responsibilities below London, New York and Tokyo. "But while Zurich has managed to retain some independence, we had to report to a continental division head in Zurich, who is responsible to a European head in London, who is in turn responsible to a boss in New York," complains one ex-Citibanker.

"The kind of people who come to Citibank in the first place are attracted by the pace and opportunities that this sort of bank offers," says another. "Take away those motivations, and they're also just the kind of people who will quickly look elsewhere."

With the Frankfurt job market for investment bankers in a considerable state of flux after the arrival of new foreign houses, triggering a hitherto unknown degree of job mobility, few of the departing investment bankers have had to worry too much about finding another job.

However, things may be a little more difficult for the bank itself. Mr Horst Elwenn, previously with Hessische Landesbank, has recently joined the board and has taken on some of Mr Ritz's responsibilities on the securities side.

"If you are a leader in the market you expect to lose people," says Mr Menzel. However, he admits that finding good corporate finance specialists is no easy feat in Frankfurt at present.

Greece to raise loan of $300m

By Stephen Fidler

GREECE IS raising a $300m loan from international banks, its largest borrowing since last spring, at terms which suggest a cautious approach to the market by the Greek Government.

A six-bank group has been mandated to raise the credit for the Bank of Greece: Arab Banking Corporation, Chase Investment Bank, Citicorp Investment Bank, IBJ International, Mitsubishi Bank and National Westminster Bank.

The eight-year loan, with a five-year grace period before principal repayments start, carries an interest rate of ⅜ percentage point over London interbank offered rates.

There had been a question of whether the Greeks would feel confident enough to introduce a spread of ½ point for some part of the deal, but this was apparently avoided in an attempt to ensure a good reception from banks.

The interest margin is lower than on Greece's last major international borrowing last spring. That $300m loan, increased after syndication to $375m, carried a margin of ½ point over Libor throughout its eight-year life.

Since then, terms in the international loans market have tightened generally and there has been an improvement in the Greek economy, thanks both to an economic stabilisation programme and to last year's fall in oil prices.

The 1986 Greek current account deficit of $1.76bn was almost half that in 1985, and the 1987 government target is $1.25bn. The public sector borrowing requirement dropped to 14 per cent of Gross Domestic Product last year from 18 per cent in 1985.

Greece drew down in February the second tranche of a European Community loan of Ecu 875m ($1bn). Together with other projected market operations by Greece this year, this should help reduce foreign bank exposure to Greece by about $1bn, bankers said.

The new loan is available for drawing for six months with a commitment fee of ⅛ point annually on the undrawn portion. When syndication starts after Easter, banks will be invited into the loan at $15m for a fee of 0.4 per cent, $10m-14m for 0.3 per cent, $5m-9m for 0.225 per cent, and $2m-4m for 0.15 per cent.

● A multi-option facility for Investcorp, the Bahrain-based investment bank, has been raised to $75m from $60m after strong demand in syndication. The three-year facility had already been increased before syndication from $50m. Arab Banking Corporation is arranger of the deal.

New general manager for Euroclear

By Our Euromarkets Staff

MR THOMAS KETCHUM, a senior vice-president of Morgan Guaranty Trust Company, has been appointed general manager of Euroclear, the Brussels-based clearing system, in succession to Mr Peter Culver, who died last month.

Morgan Guaranty set up Euroclear in 1968 and now runs it under contract to its shareholders, which are mostly the financial institutions that form its client base.

Mr Ketchum has worked for Morgan Guaranty since 1973, and was appointed senior vice-president last year. He will report to Mr John Olds, an executive vice-president of Morgan Guaranty in New York.

German banks slow to adopt novel devices

BY HAIG SIMONIAN IN FRANKFURT

NEW off-balance sheet financial instruments like swaps, options and financial futures are only slowly becoming more important for West German banks, according to the Bundesbank in its April monthly report.

In particular, German banks have held back from participating in back-ups for credits, which have grown dramatically in the Euromarkets since 1985. At the end of last year West German banks' commitments to long-term Euronote programmes amounted to only DM 5.5bn ($3.05bn), according to the Bundesbank.

The bulk of those commitments were made by the banks' foreign branches or subsidiaries. Commitments of only DM 500m were booked domestically by the end of 1986. Reflecting the fact that Euronote programmes have hitherto tended only to be arranged for first-class borrowers, German banks have only had to pay up DM 200m on their commitments, according to the Bundesbank.

West German banks arranged swaps worth DM 68.9bn by the end of last year, the Bundesbank calculates—representing 6.5 per cent of the balance sheet totals of the reporting banks. Interest-rate swaps, totalling DM 42.5bn, accounted for the bulk of the business. Currency swaps reached DM 7.5bn, while swaps of both interest rate and currency combined amounted to DM 18.9bn.

Some DM 32bn in swaps were arranged between domestic institutions, while transactions worth DM 37bn were done by German banks' foreign branches. Purely domestic deals accounted for only DM 17bn

Korea reluctant on Eurobonds conversion

BY MAGGIE FORD AND IAN RODGER IN SEOUL

THE South Korean Government has indicated its reluctance to allow conversion of Eurobonds already in issue by leading Korean companies to go ahead as planned.

Holders of a $20m convertible Eurobond for Samsung Electronics had been expected to be allowed to convert the bond in October this year into shares in the stock market. But Mr Chung in Yong, the Finance Minister, said that this now "seems less possible."

The ministry wants to see a widening of the market to more domestic investors and more companies before it is opened to foreigners. At present about 350 companies are listed on the Seoul Stock Exchange.

According to Mr Chung the country's $4.6bn current account surplus last year, which is expected to increase this year, is causing major problems for planners concerned with controlling the money supply.

The inflow meant that opening the booming stock market to foreign investors was unlikely to be considered this year.

When the Samsung issue was launched the prospectus indicated that the Seoul authorities would not automatically approve conversion of the paper into equity.

Mr Chung said this delay did not imply an outright ban on future Euromarket issues by Korean companies. They might be allowed to issue more convertible Eurobonds as long as they did not remit the proceeds for use in the country.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 15

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94½	95¼	+0¼	−¾	8.87
A/S Eksportfinans 7¼ 95	100	94⅝	95¼	+0¼	−¾	8.46
A/S Eksportfinans 7¼ 92	150	95	95½	+0¼	−⅞	8.49
Austria 7¼ 97	200	93	93½	+0⅛	−½	8.80
BP Capital 9¼ 94	100	102¼	102¾	+0⅛	−¾	8.80
British Telecom 7⅞ 96	250	92	92½	+0⅛	−¼	9.05
Campbell Soup 10½ 95	100	107¼	108¼	+0⅛	−⅜	9.10
Canada 9 96	1000	102⅛	102⅝	+0⅛	−⅝	8.76
Canadian Pac. 10⅛ 93	100	105¼	106¼	−1	−2½	9.41
CCCE 7⅞ 91	115	95½	96	+0⅛	−⅞	8.27
CNCA 7¼ 91	150	95¼	96⅛	+0⅛	−⅞	8.30
Citicorp 8⅝ 95	200	94⅝	95⅛	−0⅛	−¾	9.35
Credit Lyonnais 9 92	200	102⅛	102⅝	+0⅛	−⅞	8.21
Credit National 9⅛ 93	150	100	100½	+0⅛	−⅞	8.39
Credit National 7¼ 91	150	96	96½	+0⅛	−⅞	8.23
Denmark Kingdom 7⅛ 92	500	93⅝	94⅛	+0¼	−⅞	8.57
Denmark Kingdom 8⅝ 91	300	98⅛	98½	+0¼	−⅞	8.74
EEC 7 92	100	95	95½	+0½	−¾	8.26
EEC 8⅛ 96	100	96⅛	96⅝	+0½	−½	8.83
EEC 7⅛ 93	250	94½	95	+0⅛	−¾	8.41
EIB 7⅞ 93 A	300	96¼	97¼	+1⅛	−⅞	8.21
EIB 7⅞ 93 B	100	95⅞	96⅛	+0⅛	−¾	8.45
Finland 7⅞ 97	200	93¼	93¾	+0⅛	−¼	8.97
Finland 7½ 93	200	94½	95	+0⅛	−¾	8.58
Ford Motor Cred. 10½ 91	150	106¾	107⅛	+0⅛	−⅞	8.52
Ford Motor Cred. 11⅛ 90	100	107¼	108⅛	−0⅛	−1¼	8.09
Gen. Elec. Cred. 10¼ 00	200	†104¼	104⅝	+0½	−⅝	9.62
Hoesch 7⅞ 92	100	96¼	96¾	+0½	−⅞	8.26
Hoesch 7⅞ 94	300	95⅛	95⅝	+0½	−⅞	8.59
Hoesch 8⅛ 97	200	93¼	93¾	+0⅛	−¾	8.95
Liberty Mutual 8½ 96	150	95⅞	96⅜	0	−⅞	9.13
LTCB of Japan 8 91	100	98⅛	98⅝	+0⅛	−⅞	8.41
LTCB of Japan 8 97	200	94⅛	94⅝	+0⅛	−⅝	8.88
Merck.-Benz Cred. 7½ 93	100	97	97½	+0½	−3	8.08
Merrill Lynch 8⅞ 91	100	99⅛	99⅝	−0⅛	−⅞	8.90
Mitsubishi Fin. 7⅛ 93	100	95¼	95¾	+0¼	−¾	8.78
Mutual America 7⅞ 92	200	†96¼	96¾	−0½	−⅞	8.94
Norway Kingdom 7⅛ 91	200	96½	97	+0¼	−⅞	8.15
Pepsico Inc. 7⅞ 93	200	94⅛	95¼	+0⅛	−⅞	8.46
Qantas Airways 10⅞ 95	140	106⅞	107⅜	+1⅛	−¼	9.09
Queensland Govt. 10⅛ 95	200	106	106½	+0⅛	−¼	[illegible]
Ralston Purina 11⅛ 95	150	†109⅛	109⅝	+0⅛	−¾	9.55
Saab Scania 9½ 91	125	105⅛	105⅝	+1½	−1½	8.30
Saskatchewan 10⅛ 92	100	107⅛	107⅝	+0½	−⅞	8.75
State Bk. S. Aust. 9⅛ 93	100	101⅛	101⅝	−0⅛	−¾	8.90
Statoil 10 90	170	105⅛	105⅝	+0½	−⅞	8.36
Swed. Exp. Cred. 7⅛ 91	100	95¼	95¾	+0⅛	−⅞	8.30

INTL. COMPANIES and FINANCE

Richard Gourlay on the problems created by the hunt for Marcos funds

Manila tangles with San Miguel

MR RAMON DIAZ, the 66-year-old businessman turned government prosecutor for the commission that is tracking down the hidden wealth of deposed President Ferdinand Marcos, of the Philippines, is either loved or hated. To some he is the champion knight in the crusade against the Marcos cronies; to others he is the most glaring example of a government meddler in private business.

Either way, as chairman of the Presidential Commission on Good Government (PCGG), Mr Diaz holds sway over a sprawling business empire. Together with his three fellow commissioners, nine prosecuting lawyers, an annual budget of just $2.5m and a little help from his friends, he has control over assets in 220 companies.

One of these is San Miguel Corporation, the brewing group, which is the Philippines' largest private enterprise, the PCGG's control of more than 51 per cent of San Miguel has become a symbol of government's creeping and sometimes leaps-and-bounds entry into private business.

Mr Marcos's departure last year after he was ousted by President Corazon Aquino has left nothing clear and the San Miguel battle with the PCGG leaves no one smelling of roses. A deadline set by Mrs Aquino for a resolution of year-long stalemate passed yesterday with no sign of movement.

In April last year, San Miguel was about to strike a deal with United Coconut Plantersbank (Cocobank) to buy back 32 per cent of its shares which the Government had sequestered through the bank. Mr Diaz's commission blocked the deal, suspecting that the proceeds would go to Mr Eduardo Cojuangco, the former chairman of Cocobank. His grip on the coconut industry had won him the title of "Coconut King" and reputation as being Mr Marcos's most proficient crony.

A year on, the commission still evercises strong influence on the company through sequestered shares. It has appointed seven of the board's 15 directors and could well take up two more seats at a shareholders' meeting next month, giving it a majority.

San Miguel's management has schemed and pushed behind very tightly closed doors—including those of President Corazon Aquino — to try to get control of the shares or at least isolate them from predatory buyers.

Many observers think somebody had to stop Mr Soriano's secretive moves. According to Mr Diaz, Mr Soriano planned to sell the company's valuable Hong Kong brewery to finance the buy-back of the shares. He thinks it would have benefited only the existing management bloc. And when the PCGG blocked the deal, leaving him short of his $25m downpayment he brought the obligation on to the company's books without board approval, Mr Diaz and the Department of Finance alleges.

Last week the Securities and Exchange Commission was dragged into the fray to lead the investigation of San Miguel's actions in place of the PCGG. It blocked the latest deal that would give Bond Corporation of Australia a 12 per cent share in the company but also protected Mr Soriano's position.

Fears are emerging among people who abhor what Mr Marcos and his cronies did, but want to see economic progress, that government zeal is leading to creeping nationalisation. What goes into the national net, like the San Miguel shares, may not so easily come out, they say.

However, the commission has clearly moved away from its original purpose which was to track down and freeze the crony assets and then file corruption charges with the courts.

So far shares have been sequestered in more than 220 companies in industries as varied as banking, shipping, insurance, telecommunications and agriculutre.

It is believed that through complex inter-company dealings Mr Marcos either controlled many of these companies or used them to generate the support that kept him in power for 20 years.

The commission has no idea how much these assets are worth. The 70 companies with balance sheets show a total asset value before liablities of about $1.25bn, although some of the companies have negative net worths.

To date the commission has charged only one Marcos crony. It plans to bring a "global" action against about 28 in connection with the other sequestered companies before August 12. It has handed over only $100m in cash to the Government, most of which came from two cronies who turned state's evidence in return for partial immunity and a bit of peace.

The Government has filed a $750m damages suit against Mr Marcos in the US in connection with four New York properties — after mortagages have been paid the properties, valued at $750m, will net only $4m, prosecutors think.

PCGG officials brush aside criticism that they have delivered little but promises that large amounts of Marcos cash will be returned. The real prize, they say, is in Mr Marcos's Swiss bank accounts which officials in Zurich have told the PCGG contain more than $10bn. It can begin to come back to the Philippines in early 1988, the PCGG confidently predicts. But there is a snag.

The Swiss courts will only consider returning assets held by Swiss banks once a criminal case has been brought in the Philippines against Mr Marcos. However, the former dictator would have to be charged in person in a criminal case and Mrs Aquino is unlikely to risk the destabilisation that could follow his return. Charges will be filed by August based on 2,000 pages of evidence, Government prosecutors say.

The courts will be clogged for years. Prosecutors and sequestered businessmen think it could be five years before even the simplest cases are unravelled. In the meantime, the Government's promise to leave business to businessmen is looking rather thin.

GOVERNMENT STARTS ASSET SALE

THE Philippine Government yesterday launched the sale of its first group of 25 non-performing assets and companies that were taken over by government banks before President Ferdinand Marcos fell from power in February 1986, writes Richard Gourlay in Manila.

The assets make up the first block of nearly 400 companies and assets with a notional book value of more than $5bn that the Asset Privatisation Trust will sell over the next five years. The initial batch includes luxury hotels, sugar mills, textile factories, an electronics company and a boatbuilder.

The assets will be sold free of debt by auction once enough potential buyers have viewed them. Most will be sold as financial rather than physical assets. The government conservatively hopes to raise about $1.5bn from the sales over five years.

Foreign investors will be allowed to use the country's debt-for-equity swap programme to fund their purchases but will be bound by constitutional restrictions limiting overseas holdings in many companies to 40 per cent of the capital. Mr David Sycip, the trust's chairman, is pressing the finance department and central bank to relax this rule in order to ensure there is enough capital available.

Gencor gold mines hit by lower ore and grade levels

BY JIM JONES IN JOHANNESBURG

GOLD MINES managed by Gencor of South Africa all suffered grade and/or production declines which reduced gold output in the January quarter, except for Kinross, which was recovering from the effects of a mine disaster last September.

Beatrix, in the Orange Free State, was the worst affected as almost half the black workforce quit the mine following fighting between workers. Production was affected for six weeks and ore production dropped to 431,000 tonnes in the January quarter from 525,000 tonnes in the December quarter. The gold recovery grade was 6.5 grams per tonne (g/t) against 6.8 g/t.

Two mines, Winkelhaak and Grootvlei, suffered ore tonnage drops as lower rand gold prices rendered some areas unpay and obliged the mines to shift stoping operations to richer areas. Winkelhaak's mill throughput fell to 564,000 tonnes from 593,000 tonnes and its gold recovery grade slipped to 5.7 g/t from 5.9 g/t, while Grootvlei's tonnage fell to 404,000 tonnes from 432,000

Buffelsfontein, the largest, is suffering from its failure to find reserves in the newly-opened Lucas Block. The directors have warned that mill throughput would drop by about 20 per cent for the next few years because of shortages of available ore.

St Helena's gold recovery grade is dropping more rapidly than management expected as the remaining pockets of richer ore are exhausted

	Gold produced (000 oz)		After-tax profit (Rm)		Earnings (cents per share)	
	Mar 87	Dec 86	Mar 87	Dec 86	Mar 87	Dec 86
Beatrix	90.2	114.8	18.99	39.16	8.3	16.7
Bracken	21.3	22.7	2.46	3.04	10.9	19.7
Buffels	138.5	163.0	13.08	37.28	104.3	242.9
Grootvlei	42.9	47.7	3.88	9.97	29.5	79.1
Kinross	99.4	85.6	18.82	16.10	69.9	77.9
Leslie	27.8	28.3	2.93	3.31	11.1	19.9
Marievale	7.3	8.4	0.09	1.13	0.9	16.5
St. Helena	66.8	66.8	14.33	23.70	33.8	97.1
Stilfontein	58.8	64.7	1.82	18.16	(2.5)	118.5
Unisel	66.6	72.1	12.64	17.73	38.6	49.4
W. Rand Cons	32.0	30.3	1.52	2.97	16.1	28.5
Winklehaak	102.5	111.6	30.49	39.03	83.6	118.9

Earnings per share calculated after capital expenditure and loan repayments. Stilfontein's capital expenditure was greater than its after-tax profit.

Ford Australia suffers dramatic profits downturn

BY CHRIS SHERWELL IN SYDNEY

FORD AUSTRALIA, the most successful of the country's five big car producers yesterday showed a dramatic reduction in profits for 1986.

After-tax earnings were just A$19.2m (US$13.9m), sharply down on the previous year's record of A$108.5m. Sales were down by A$192m to A$1.88bn.

The result remained better than those of competitors, which have moved into the red and face tough decisions under the country's automotive industry rationalisation plan

Mr Bill Dix, Ford's Australian head, attributed the drop in the company's profitability to reduced wholesale sales, the impact of a weaker Australian dollar and the cost of financing investments for new product lines and technologies.

He said the overall decline in vehicle sales in Australia reflected generally unfavourable economic conditions, a switch to unleaded petrol, high interest rates, the introduction of fringe benefits tax and increases in sales tax.

Figures for car and truck sales in 1986 show a fall of more than one fifth compared with record levels of 1985. Projections for the 1986-87 year point to a fall below 500,000 units.

Ford said its share of passenger vehicle sales climbed to 30.8 per cent from 28.8 per cent in 1985.

AIBD BONDS INDICES
WEEKLY EUROBOND GUIDE APRIL 10 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.843	0.659	9.619	8.440
Australian Dollar	14.393	−0.482	14.735	12.830
Canadian Dollar	9.589	0.541	10.840	9.372
Euroguilder	6.181	−0.019	6.314	5.804
Euro Currency Unit	8.391	−0.024	8.887	8.164
Yen	5.686	0.018	6.702	5.218
Sterling	9.832	−0.819	11.609	9.693
Deutschemark	5.993	−0.401	6.652	5.966

UK COMPANY NEWS

Oil price fall trims Hawker profits

BY RALPH ATKINS

FALLING OIL prices and exchange rate movements hit the Hawker Siddeley Group in 1986. Pre-tax profits fell from £160.3m to £152.1m.

Lower oil prices affected sales in the diesel engineering division where pre-tax profits dropped £8.9m to £7.2m on a turnover of £152m compared with £195m in 1985.

Exchange rate movements lowered overseas profits by £9m.

Turnover for the group increased from £1.59bn to £1.61bn but earnings per share fell from 48.1p to 44.3p. Shares in Hawker Siddeley closed up 3p at 496p.

During the year the group spent £103m on acquisitions in the US and £17m in the UK. They were split equally between the electrical distribution and controls sector and the electrical specialised equipment sector.

After deducting financing costs, acquisitions contributed £6m to pre-tax profits in 1986.

Acquisitions made so far this year, including Clarostat Manufacturing in the US which was bought for £20m in February, have cost about £40m.

Capital expenditure increased from £45m to £56m. Part of this has been used for automation and computerisation of manufacturing production.

In the diesel division, which accounted for 9.4 per cent of turnover, the group is concentrating on medium speed engines of above 1,000hp and small diesel engines of 50hp and below.

"In the medium to long term it is going to be a difficult area but we have brought it down to a two rifle shot approach rather than a scatter gun," said Mr Robert Bensly, chief executive.

The electrical distribution and controls division showed the largest increase in pre-tax profits which rose from £30.9m to £34m. Electrical motors and generators rose 9.36 per cent to £22.2m.

Electrical specialised equipment increased pre-tax profits by 4.5 per cent to £27.9m but mechanical specialised equipment fell 5.8 per cent to £43.6m.

A geographical breakdown of pre-tax profits shows the US increasing from £23.6m to £28.6m. Canada fell from £14.3m to £8.3m. Australia rose from £18.3m to £21.9m but the UK fell from £83.9m to £75.3m.

An extraordinary item of £22.1m includes provision for the divestment—possibly the sale—of the group's Trenton plant in Canada which manufactures freight wagons. It also includes the cost of withdrawing from the manufacture of the "L" diesel range at Onan in the US.

A final dividend of 12p is proposed making a total for the year of 17p against 14.5p in 1985. The group says the reduction in cover brings it more in line with comparable companies.

The tax charge fell from £57.8m to £56.3m. Interest received decreased from £10.9m to £7.7m.

● Hawker subsidiary, Carlton Industries, returned pre-tax profits of £17.46m (£13.85m) from a turnover of £148.97m (£135.23m) for 1986.

See Lex

Pearl hits £39m via boost from life side

MR EINION HOLLAND, chairman of the Pearl Group, yesterday reported further substantial growth in life business for the 1986 year. Unit-linked business grew strongly, particularly single premium bond business.

In all, the group, the UK's fifth largest quoted life office, was able to lift its 1986 pre-tax profits to £38.8m, an increase of 36 per cent over 1985's adjusted £28.5m.

Profits for the year were produced in pre-tax form for the first time and showed consolidated results for the whole group. In previous years Pearl reported after-tax figures — for 1986 these rose from £16.8m to £25.3m.

The dividend for the year is being stepped up from an adjusted 8.8p to 10.5p, via a final of 7p, from earnings of 14p (9.3p) per 5p share.

Total group new premiums for 1986 rose by 65 per cent, from £113.1m to £186.7m, the prime reason for the improvement being a 119 per cent increase in single premium business from £57.7m to £126.6m.

There was also a 16.5 per cent increase in new ordinary branch annual premiums.

The increase in single premium policies was largely attributable to business written by the unit funds side which also contributed significantly to the increase in new annual premiums. Unit fund single premiums rose by 143 per cent to £97.3m (£40.1m).

Total premium income for 1986 increased by 24.4 per cent, from £366.4m to £456m.

On the strength of the group's investment performance terminal bonuses for both ordinary and industrial branch policyholders have been further improved and reversionary bonuses in the ordinary branch have been increased by a small amount.

In addition, a special reversionary bonus has been declared for certain industrial branch policies issued in the mid-1970s.

On the short-term activities, general insurance premium income from all sectors amounted to £123.76m, an increase of 17.4 per cent over the previous year's £105.4m.

Overall, the results here were described by the directors as still less than satisfactory.

Overall, Pearl cut its 1986 underwriting loss from £23.2m to £19.6m. In the UK the figure edged ahead to £12m (£11.8m). The results here by class were property £5.5m (£5.8m), motor £4m (£4.1m), liability £1.5m (£0.7m) and other £1m (£1.2m).

● comment

The market was more surprised at the way these figures were presented than at the numbers themselves—estimates were based on net rather than pre-tax profits but Pearl is following a growing trend for more conventional results presentation. On a net basis, the figures were in line with expectations, after allowing for the £700,000 arising from special reversionary bonuses. Once again, a sound performance from the life side is weighed down by the problems of non-life—including what must be a particularly galling £4m loss from the Monarch reinsurance company which Pearl sold two years ago. That business will still take several years to run off so further losses can be expected. Pearl has been rerated over the last couple of years as it has shaken off its stodgy image of old and the move to increase its share of the endowment mortgage business indicates the new go-getting approach. But given that dividend growth is expected to be in line with the sector, the shares at 365p still reflect hopes of a TSB bid rather than the probable £30m net profit this year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Anchor Chemical	3.75	June 6	3	5	4.25
Astra Holdings	0.25	—	—	0.25**	—
Atlas Converting	‡3.3	June 11	—	3.3	2.6‖
Avis Europe	3.8	July 17	—	3.8	—
Bentalls	2.21	June 3	1.9	2.65	2.3
Brit Mohair	†5.25	—	4.75	6.5	6
Horace Cory	0.35	June 12	0.4	0.65	0.6
Albert Fisher ......int	1	July 3	0.5*	—	1.13*
Hawker Siddeley	12	July 6	10	17	14.5
Helene of London	1.13	July 1	1.13	1.63	1.63
Laporte Inds	6.45	June 12	5.05	10.25	8.25
Walter Lawrence	3†	July 1	2.65	4	3.65
McKechnie ......int	†3.3	June 3	3	—	10
Parambe	0.9	—	0.8	1.35	1.25
Pearl Group	7	June 17	5.75	10.5	8.8
Smith Inds ......int	2	June 12	1.75	—	5.5
United Ceramic	‡3	—	2.75	4	3.75
Wade Potteries ...int	1.35	—	1.1	—	3.5
Yule Catto	5.5	July 6	4.5¶	8.5	7

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Corrected date. ‖ Equivalent rate. ** For 15 months. Total of 0.75p forecast for current year.

Land Securities £200m debenture

By Philip Coggan

Land Securities, the property development group, yesterday announced the placing of £200m of debenture stock, the largest ever debenture issue in the UK.

The stock will be fungible with two £100m tranches of 2025 debenture stock which Land Securities issued in November, 1985 and April, 1986 and thecomplet e £400m issue will represent one of the largest non-Government stocks on the market.

Yesterday, Schroders announced that thestock had been placed in the market at a price of 100.156. The interest rate will be 10 per cent, representing a gross redemption yield of 9.986 per cet, 75 basis points above the equivalent gilt.

The stock is mortgaged on a portfolio of properties which are valued by Knight Frank & Rutley as being worth £671.3m on the open market. Proceeds will be used to fund Land's burgeoning development programme, which includes a site at Aldersgate in the City and a shopping centre and leisure complex in Hull. Last month, the group raised £100m in the Eurosterling market.

Earlier stock was issued with a bearer option after changes in last year's Budget appeared to reduce the activities of issuing securities in registered form. However, the changes were not in the end implemented and few investors took up the bearer option.

This tranche is accordingly in registered form and Land Securities intends to convene a meeting to ask holders of the existing stock to cancel their right to the bearer option.

See Lex

Aerospace and defence help Smiths to £26.6m

EXCELLENT PROGRESS in its aerospace and defence businesses in the UK and the US helped Smith Industries, the aerospace, marine and medical equipment group, to push up its pre-tax profits from £22.9m to £26.6m in the half year to January 31, 1987. Group turnover advanced to £197.6m (£192.1m).

Shareholders will benefit through a declared interim payment of 2p, compared with 1.75p last time.

The directors explained that the aerospace and defence businesses had benefited from the high level of research and development expenditure in recent years, and added that this was being maintained.

UK medical activities had had another record period, both in home and export markets. The US medical companies had also improved their turnover and their profits remained at satisfactory levels, despite strong competition and high market development costs.

The industrial group had disposed of Integrated Air Systems — as foreshadowed in the 1986 report — and during the first six months of the current year Mecro and Xionics had been sold to their respective managements.

Although the remaining businesses within this group had mixed fortunes, the directors believed there were encouraging signs during the latter part of the first half of a recovery in activity in a number of industries served.

Smiths' Australian company had taken full advantage of the opportunities created by the depreciation in the Australian dollar, and its recent good results had been maintained.

A breakdown of turnover and trading profit by division shows: aerospace and defence £84.65m (£75.1m) and £11.68m (£8.77m), medical systems £47.45m (£41.15m) and £7.91m (£6.87m), industrial £52.5m (£47.85m) and £4.22m (£5m), and Australia £13m (£13.85m) and £1.41m (£1.52m).

A geographical breakdown of the turnover and trading profits shows: UK, £136m (£117.25m) and £18.41m (£13.64m): US, £43m (£43.1m) and £4.1m (£5.65m); Australia, £14.25m (£15.1m) and £1.48m (£1.62m): and others, £13.25m (£10.8m) and £1.22m (£1.25).

After tax changes amounting to £9.57m (£8.93m), earnings per share worked through higher at 7.9p (6.5p).

● comment

Smiths Industries' two key divisions — aerospace / defence and medical — both show signs of improved quality of profits thanks to a better spread of business. In the first case there is less emphasis on single big projects and more on retrofit work, and in the second a wider range of export markets is helping to ride currency volatility. Having taken the upfront costs of setting up an extensive US marketing network for medical there is a strong suggestion that an acquisition could be in the pipeline in this area—the group cash pile exceeds the year-end's £21m, giving SI plenty of room for manoeuvre. The group's industrial wing remains a bit of a ragbag of modest sized businesses with, in some cases, uncertain markets. For example, SI-Tex lost heavily as the US power boat market weakened and because the strength of the yen—this subsidiary presently sources exclusively in Japan — against the dollar undermined margins further. This year £64m is in view and the shares at 299p appear reasonably valued on a prospective p/e of 15¼ — the traditional "sell Dowty buy SI on weakness" switch being redundant given the fundamental structural changes in both groups.

Tesco attacks Hillards record

BY NIKKI TAIT

Tesco, the supermarket chain which is waging a £176m bid battle for Yorkshire-based Hillards, yesterday said it saw little hope of a prosperous future for Hillards on its own.

In its latest letter to shareholders, Tesco argues that Hillards' market share in the Yorkshire TV region—where the bulk of its stores are concentrated—has fallen by 20 per cent during the past 15 months "to a position where its market share is now less than it was before its last three store openings in this region."

The supermarket giant contrasts this with the performance of another regional group and Hillards' competitor, W. Morrison, which increased market share in the same region by 24 per cent.

Moreover, Tesco argues that competition is prevalent with planning consents for 43 stores, totalling over 1.5m sq ft, having been approved within five miles of Hillards' existing stores.

Yesterday evening, however, Hillards hit back at the document which it described as "a desperate attempt to put cleverly-contrived figures together . . . to support a bid which has been overwhelmingly rejected by shareholders."

Hillards said that the family holdings, representing 28.4 per cent of its shares, remained solidly opposed to the bid, and chairman, Mr Peter Hartley, said he had received further letters of support since that figure was declared.

Moreover, he added, Tesco's own market share in the same region had also dropped by 20 per cent during the past 19 months.

Merchant Navy fund cleared in Australian inquiry

BY GRAHAM DELLER

AUSTRALIA'S National Companies and Securities Commission, currently investigating dealings in APA Holdings, a financial services concern, has cleared the Merchant Navy Officers Pension Fund of any wrong doing.

Together with John Govett, and Alexanders Laing and Cruickshank, the Merchant Navy fund was accused of supporting APA's share price during its acrimonious battle for control of Humes, an Australian building materials group.

The accusations centred around the purchase on December 2 last year of a block of shares representing an 8 per cent stake in Humes.

The Commission accepted that while the fund was asked to participate in the purchase of the shares, it had refused to do so.

The fund said earlier this year that it had purchased an 0.02 per cent stake in Humes in July and August 1986 and that its holding had never risen above that level. It had also acquired a sizeable holding in APA but this had been for "normal investment reasons."

Mr Tony Ashmore, the fund's chief executive, said: "We are very pleased that the Commission has so speedily set the record right. It was vital that the fund should be seen to be a bona fide investor and not involved in any dubious practices."

Maxwell asks at least £56m for Extel stake

By Graham Deller

Mr Robert Maxwell, the publisher, revealed yesterday plans to sell his near-27 per cent holding in Extel by tender.

The news comes a week after the surprise announcement that Mr Maxwell would not launch a full-scale bid for the business and sport information group.

Mr Maxwell's Pergamon Media Trust is to offer the 13.42m shares at a minimum tender price of 420p each, raising at least £56m.

Shares of Extel fell 14p to 449p yesterday.

The offer, which will close on April 29, has been underwritten at 420p by N. M. Rothschild.

Last week, Extel's merchant bankers, Kleinwort Benson, were understood to be talking to Mr Maxwell's advisors in an attempt to find buyers for the stake.

There has also been recent speculation that a predatory third party could be interested in acquiring the entire block of sahres as a precursor to a full bid.

● Goldman Sachs announced yesterday that it had acquired 30m shares in Mr Maxwell's British Printing and Communication Corporation. The stake had since been placed with various institutions.

The holding, representing around 8.2 per cent of BPCC's equity capital, was acquired by Goldman as part of a programme trade carried out on behalf of Mr Maxwell.

Wm Morrison

Wm Morrison Supermarkets produced pre-tax profits of £21.21m for the year to January 31 and not £22.3m or £112,000 as incorrectly reported in the FT earlier this month.

Significant gains in most areas boosts Laporte

WITH increased contributions from most of its businesses, chemicals group Laporte Industries (Holdings) improved its pre-tax profits by 15.1 per cent from £55.8m to £64.2m in 1986.

Laporte and subsidiaries saw significant gains in profits in the UK, US and Europe, but in Australia, profits were down.

Profits from the Interox companies continued to improve with good performances in Brazil and several European countries.

The total dividend is increased by 24 per cent from 8.25p to 10.25p net, with a final up from 5.05p to 6.45p. Stated earnings per 50p share improved from 26.3p to 30.1p before extraordinary items.

There was an extraordinary credit of £5.3m compared with £3.2m, and that related to the excess over book value of the reinstatement cost of fixed assets subject to insurance claims.

Net cash, including short-term, bank guaranteed investments, increased to £18.8m. Capital expenditure totalled £22.5m, and acquisitions absorbed a further £7.6m.

Mr Roger Bexon, the chairman, said: "Laporte has started the current year from a good platform, and another year of progress is anticipated."

Group turnover came to £421.6m against £371.3m, of which Laporte UK contributed £136.9m (£128m). Interest receivable amounted to £2.7m (£4.9m). Pre-tax profits included share of results of related companies totalling £32.5m (£27.6m) — the Interox portion was £30.5m (£25.7m).

Tax accounted for £21.7m (£19.8m). After paying share bonus scheme, £1.3m (£200,000), and dividends, £14m (£11.3m), the amount transferred to reserves rose from £27.6m to £32.5m.

Since the year-end, the group has announced the acquisition of Californian company, Winchester Disc, for a consideration of $500,000 with further deferred profit-related payments in stages thereafter.

See Lex

Mitchell Somers and Eagle Trust

Permission has been granted for the new Eagle Trust shares arising as a result of the offers for Mitchell Somers and Midland City Partnership to be listed.

All conditions of the offers have either been waived or satisfied and the Mitchell Somers and MCP offers are now unconditional in all respects. The offers remain open for acceptance until further notice.

TYNDALL HOLDINGS will acquire the outstanding 60 per cent of Westavon Securities (CI) not already owned. Consideration will be the issue of 35,000 Tyndall ordinary. The vendors are two of Westavon's local directors.

BULLERS, manufacturer of ceramic products is to seek shareholders approval for sale of Unilator Technical Ceramics to Morgan Crucible for £2.85m cash.

Priest Marians to make £29.5m loan stock issue

BY GRAHAM DELLER

Priest Marians, the property investment and development group, proposes to raise some £29.5m net of expenses via a loan stock issue.

The issue of 6¼ per cent convertible unsecured loan stock 2000-2003 at par to ordinary and preference shareholders, has been underwritten by Laurence Prust and Panmure Gordon.

Each shareholder would be entitled to subscribe £5.50 nominal of convertible loan stock for every three shares presently held.

Priest Marians said that the proceeds of the issue would be utilised to expand the group's property portfolio and to keep a balance between capital growth and income. The issue would allow the group to negotiate further property acquisitions which might not be financially viable in the short term.

Last June, Priest Marians raised some £4.3m via a rights issue to ordinary shareholders to finance the purchase of four properties in London's West End. Since then, the group had acquired two further portfolios comprising a total of 31 properties for an aggregate consideration of £36.1m. Of these properties 17 had now been sold for £20.7m which compared with a base cost at the purchase date of £18.16m.

In December, Priest Marians gained control of Lincroft Kilgour, the cloth merchant and Savile Row tailor, after a £13.2m bid. A number of Lincroft's properties have since been sold and realised more than £4.5m.

L and N gives TACE details

London and Northern, acquired by Evered Holdings last week, has given details of the disposal of its 11.25 per cent stake in TACE, the control equipment group.

The 845,035 shares will be offered to L and N shareholders at £4.62 each on the basis of one TACE share for every 132 L and N held. TACE shares closed up 10p at 510p.

The closing date for applications is 3 pm on May 11.

French group lifts stake in L. Joseph

By George Graham in Paris

Dumenil Leble, an expanding French financial group, has increased its stake in Leopold Joseph, the UK merchant bank, to 24.7 per cent.

The stake, worth around £3.5m, was acquired mainly from Bricomin Investments, a subsidiary of the British and Commonwealth group, and from Scottish American Investment.

The acquisition is not aimed at an eventual takeover, Dumenil said, but the two groups will work closely together on Anglo-French projects. Mr Jacques Letertre, Dumenil's managing director, will join the Leopold Joseph board.

Dumenil recently joined the operation mounted by Banque Stern—now headed by Mr eJan Peyrelevade, former chairman of the Suez group—to take significant stakes in a number of companies in the Rivaud banking and plantations group.

Chrysalis purchase

Chrysalis, the entertainment and leisure services group, is paying up to £3m for Recording & Production Services, a Nottingham-based television facilities company.

The acquisition will complement Chrysalis's Air TV Facilities subsidiary. Chrysalis will make an initial payment of £1.35m, satisfied through the issue of 256,114 shares and £741,249 cash.

Further payments will be made in 1988 and 1989 depending on profits performance. The minimum total consideration will be £2m.

Chrysalis has budgeted for a £241,000 pre-tax profit from Recording & Production Services in the year to June, 1987. Its net assets were valued at £680,000 in June, 1986.

MERSEY DOCKS and Harbour Company will not be appealing against the decision of the Lands Tribunal on South Docks compensation.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
3rd qtr.	108.2	102.6	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	102.6	106	116.7	177.7	3,122	162.2
1986							
1st qtr.	108.1	102.6	105	118.2	145.4	3,171	166.5
2nd qtr.	109.3	103.5	104	120.0	152.7	3,208	175.6
3rd qtr.	110.3	104.3	106	122.1	157.4	3,212	200.2
4th qtr.	110.9	107.4	112	124.8	192.5	3,142	213.0
August	111.2	104.4	105	122.0	155.2	3,219	201.1
September	110.7	105.2	109	123.2	158.7	3,193	206.4
October	111.0	106.3	107	123.2	164.7	3,168	212.3
November	111.2	107.5	108	126.4	182.1	3,145	215.2
December	110.5	107.9	121	125.0	223.2	3,119	210.0
1987							
January	110.3	105.3		122.3	157.4	3,118	210.3
February	112.6	107.6		125.0	153.4	3,074	207.1

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmr. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
4th qtr.	103.8	102.7	113.4	103.2	112.6	103.3	15.6
1986							
1st qtr.	103.0	101.6	115.4	101.5	110.3	102.3	14.2
2nd qtr.	104.6	100.7	115.3	102.1	110.0	103.6	19.3
3rd qtr.	106.0	101.5	117.2	103.3	107.6	101.9	18.9
4th qtr.	108.3	103.4	115.7	105.7	115.9	104.7	15.3
August	106.4	100.5	118.5	102.0	107.0	103.0	16.6
September	106.2	102.2	116.7	104.0	107.0	103.0	19.4
October	107.4	103.3	116.4	105.0	113.0	105.0	19.3
November	109.6	103.0	115.9	106.0	117.0	107.0	15.8
December	108.0	103.8	114.6	107.0	118.0	103.0	10.7
1987							
January	106.4	103.1	116.6	105.0	107.0	104.0	12.3
February	107.9	104.3	118.6	106.0	112.0	105.0	17.6

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,227	+682	+1,899	101.0	18.75
2nd qtr.	121.9	128.8	−1,561	−84	+772	102.6	19.20
3rd qtr.	122.6	138.5	−2,573	−931	+646	103.1	20.14
4th qtr.	130.5	143.4	−2,682	−756	+846	100.8	21.97
August	115.9	139.9	−1,288	−785	+159	102.8	18.92
September	126.2	139.3	−831	−184	+258	102.3	22.43
October	127.0	139.6	−715	−100	+226	101.5	21.90
November	132.8	146.7	−1,000	−384	+354	100.9	22.61
December	131.6	143.0	−887	−272	+266	100.1	21.92
1987							
1st qtr.							22.79
January	125.0	130.9	−527	+73	+371	100.2	21.95
February	127.8	137.5	−224	+376	+326	98.4	22.26
March							24.15

FINANCIAL—Money supply M0, M1 and sterling M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
4th qtr.	2.9	17.0	12.9	+5,378	2,280	3,436	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,203	2,220	7,375	11.50
2nd qtr.	3.1	25.9	27.3	+6,455	1,432	7,730	10.00
3rd qtr.	5.9	30.3	15.4	+6,949	188	8,322	10.00
4th qtr.	7.6	15.3	14.1	+10,545	2,814	8,178	11.00
August	5.7	22.0	8.2	+2,752	452	2,688	10.00
September	6.6	24.3	17.8	+881	−671	2,870	10.00
October	6.3	19.1	14.5	+3,530	1,951	2,759	11.00
November	6.4	28.4	19.9	+3,847	160	2,635	11.00
December	10.1	0.6	9.1	+3,168	702	2,784	11.00
1987							
January	7.7	17.7	12.8	+1,097	486	2,095	11.00
February	6.1	10.2	17.1	+2,012	472	2,945	11.00
March							10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.4	380.3	342.3	1,812	75.1
2nd qtr.	184.0	125.3	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.3	146.3	386.1	348.1	1,544	71.9
4th qtr.	191.9	127.4	147.4	391.0	348.3	1,637	68.2
August	187.2	120.3	146.3	385.9	345.6	1,461	71.4
September	186.8	122.4	146.7	387.3	348.2	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,608	67.3
November	191.2	127.5	147.4	391.7	347.5	1,617	68.5
December	193.4	130.4	147.9	393.0	349.8	1,637	68.4
1987							
1st qtr		129.9	148.3	395.8		1,577	69.9
January	190.4	131.9	148.3	394.5	354.9	1,604	68.8
February		129.6	149.2	396.1		1,586	69.6
March		128.3	148.7	396.9		1,541	71.9

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

UK COMPANY NEWS

All-round growth gives McKechnie £11.7m

IMPROVEMENTS IN all geographic areas, in all major business sectors and by acquisition, enabled the McKechnie engineering and plastics group to achieve record profits in the half year ended January 31 1987.

From a turnover ahead just 5.5 per cent to £112.98m, the pre-tax profit advanced by 33 per cent, from £8.78m to £11.72m.

Dr Jim Butler, chairman, said nearly three-quarters of the increase in profits was generated in the UK. Excellent figures were again returned by the New Zealand interests and the South African associates achieved improved profits.

Operating profit of the group moved ahead from £7.99m to £10.8m, with PSM International, acquired in the period, contributing £650,000. The purchase of Trent Valley Plastics took place after the half-year end.

Dr Butler told shareholders that the second half started with similiar trading patterns giving confidence in the expectation of "further satisfactory profits growth" over the year.

In 1985-86 the group made £19m pre-tax.

He said: "The predators who attacked us last year were right in thinking McKechnie is a company with lots of potential. The advances shown in the past half year and the previous year are evidence of solid growth which we are confident we can maintain."

Earnings for the half year came to 11.3p (9.9p) and the interim dividend is raised to 3.3p net (3p). Tax provided was £4.2m (£2.54m) and minorities £390,000 (£282,000). There were also extraordinary charges of £295,000 (£1.9m).

• comment

After the hurly-burly of last year — two failed bids for McKechnie and one failed McKechnie bid for Newman Tonks — it was back to the future for Dr Jim Butler yesterday as the market examined the prospects for growth. His long term strategy is to achieve a balance between metals and plastics and consumer products — but his hopes of a US plastics acquisition have so far come to naught. In the meantime, profits growth is coming from a one point jump in trading margins, a further contribution from PSM and a first time profit from Trent Valley Plastics — the last two each being expected to add £1m in the second half. Add in the lower rationalisation charges and shareholders loyalty will be partly satisfied by profits of around £25.5m for the full year. Where the shares go from here is less certain — the prospective p/e of 12, on yesterday's 283p puts McKechnie on the same rating as Glynwed despite the latter's superior earnings growth record. That seems to suggest that there is still some, surely optimistic bid premium in the price.

STEEL BROTHERS (trading and quarrying group, recently became subsidiary of British & Commonwealth) — Turnover £392.3m for 1986 (£367.7m) and pre-tax profit £11.7m (£11.8m) viz: Europe £1.2m (£1.6m); North America £6.3m (£3.8m); Middle East £4.9m (£7.2m); Asia Pacific £0.9m (£0.3m); less central costs £1.6m (£1.1m). No final dividend--interim 4p already paid (16p total).

Alan Cooper comes to market with £13.5m valuation

BY RICHARD TOMKINS

Alan Cooper, the office furniture maker seeking a full listing on the stock market, yesterday published the prospectus for a flotation which will value the company at £13.5m.

Barclays de Zoete Wedd, the merchant bank, is placing 3.41m shares—just under a third of the total equity—at 130p a share. Stockbroker to the issue is de Zoete & Bevan.

Alan Cooper has an estimated 5 per cent of the fragmented market for office furniture. Its products are the Contour range of system furniture and the more conventional Premier range.

The company was founded in 1958 and was subsequently acquired by John Swire & Sons. Its present management bought it out in 1983 for £600,000.

Pre-tax profits have grown from £91,000 in 1982 to £1.39m in the year to last December on turnover up from £3.46m to £6.41m. The strong rise in the pre-tax profit margin reflects the company's productivity improvements and the increasing contribution to sales of higher margin products.

Alan Cooper is coming to the market on an historic price/earnings ratio of 12.9—roughly halfway between Hille Ergonom on 8 and Gordon Russell on 20.8, both of them office furniture makers which came to the market last year.

Of the £4.4m proceeds, £3.9m will go to existing shareholders and £257,000 net of expenses to the company. The directors say trading in the current year has started well and the market is buoyant.

Avis Europe £1m over forecast and confident

HAVING BEATEN its profit forecast by over £1m, the Avis Europe car rental and leasing group is looking to a satisfactory result for the current year.

Sir John Bremridge, the chairman, said yesterday that the new year had started well with an encouraging level of trading. He was confident that the group was well placed to capitalise on the opportunities for continuing growth in all markets

Avis Europe came to the stock market last November when 65 per cent of the capital was floated off by Wesray Capital Corporation. The offer was undersubscribed and first-day dealings saw a discount to the 250p placing price.

At the time the company forecast profit before tax of not less than £33m for the year ended February 28 1987. In the event, it has come up with £34.1m, showing a 34 per cent rise over the previous £25.4m, on turnover ahead 19 per cent to £235m.

The chairman explained that the improvement on the forecast arose from increased business volumes in the principal European countries, by satisfactory trading from the leasing operations, and the resurgence of business generated from North America during the winter.

Earnings came to 18.4p (14p) and the dividend is the promised 3.8p net. Had the capital been listed throughout the year the directors would have paid 7.6p. Tax charge was £14.9m (£11.6m) and minority £200,000 (same).

Sir John recalled that since the flotation the group had bought the outstanding 66⅔ per cent of its Portuguese joint venture and made its first transaction in the Euromarkets with the issue of DM 100m 5⅞ per cent bonds due 1992.

Portugal, he said, was a fast growing market

• comment

Given past depredations by its erstwhile US parent, Avis Europe must be especially pleased to have retained twice as much profit this year, £14.6m, than the accumulated total in the preceeding five years. Bracknell, its headquarters, may not be made of the same stuff as Boston but the switch of data processing from the US to Europe is clearly a move towards greater independence as well as a way of cutting overheads. In spite of these good results and a 14½p rise in the share price to 291½p, Avis still has the City in a bit of a tizz as three kinds of analysts do battle with different aspects of the group. The engineering and motor men ask about car purchases and go decidedly pale at talk of three figure gearing; the agencies types are interested in marketing; while the followers of the miscellaneous are just pleased to have a subject someone has heard of. Cutting through this, it should be clear that the well-managed Avis is a core holding which deserves a premium of a point or so to the industrial sector. This suggests that the prospective p/e of 13 on forecasts of £45m is 10 per cent short of full justice.

Mohair's profits better than expected at £3.9m

British Mohair Holdings managed a 12.7 per cent increase from £3.47m to £3.91m in pre-tax profits for 1986 and shareholders are rewarded with a 0.5p increase to 6.5p in the dividend with a proposed final payment of 5.25p (4.75p).

The directors stated that the results were better than envisaged when the interim report was issued, which revealed that reduced results from the textile sector had been fully compensated by improved trading results from the non-textile companies.

Mr Charles Fenton, the chairman, said that although it was too early to forecast the outcome for the current year, most sectors had strong forward order positions and he was confident that progress would continue in 1987.

Turnover in 1986 was £42m (£40.4m) and trading profits were £4.05m (£3.62m). Interest payable less investment income was £139,000 (£144,000) and tax took £1.44m (£1.18m). There was a credit of £55,000 (nil) for extraordinary items and stated earnings per share came out at 18.62p (17.66p).

Humberside back in profit

Humberside Electronic Controls, the USM-quoted renovator and convertor of machine tools, pulled itself out of the red in the six months to November 30 1986, altohugh a pre-tax profit of £10,395 was well down on the 1985 corresponding figure of £117,533.

The company said that while there had been a steady improvement, no substantial increase was expected in the second half. Work currently in hand and due for completion before the end of May should ensure profitable trading, but there would be a number of large contracts in progress at the end of May on which no profit would be earned in the current year.

No R & D work had been undertaken during the year and it was not intended to accept orders which required such expenditure.

First-half turnover was £480,010 (£544,996) and earnings per share 0.04p (0.5p). For the year ended May 31 1986, the pre-tax loss was £350,000.

Atlas Converting up 45%

Atlas Converting Equipment, slitter, rewinder, vacuum metallising machines and vacuum furnace maker which was launched on the USM last July, reported record profits for the year to January 31, 1987. Pre-tax profits last year were up 45 per cent from £1.1m to £1.6m after a gain of 16 per cent in sales. The comparative figures have been restater in accordance with SSAP23 and the principles of UK merger accounting to take account of Tiean Converting Equipment acquisition in June, 1986.

The directors stated that 1986 was a year of major development for the company. During the year, the development of two major types of slitter rewinders took place and a new division had been set up to manufacture vacuum metallising machines and vacuum equipment.

At the end of 1986 group orders stood at a record level and sales in 1987 were expected to exceed the record level achieved in 1986. Production facilities were being increased in three of th operating divisions and the directors looked forward to another successful year in 1987. It was their intention of continuing their policy of expansion through acquisition when appropriate opportunities arose.

Gross profits last year emerged at £3.65m (£2.71m) and operating profits at £1.49m (£1.03m) and tax took £577,000 (£479,000) leaving net profits of £1.02m (£625,000) for earnings of 12.7p (7.78p) per 5p ordinary.

The dividend is 3.3p (equivalent to 2.6p).

Parambe improves

A strong second half performance from its art dealing subsidiaries allowed Parambe, an investment company, to lift its 1986 pre-tax profits from £133,738 to £138,824 on a gross income of £248,012 (£242,626). At the halfway stage Parambe reported profits of £19,689.

At December 31 1986, net asset value stood at 57.1p (54.1p). Earnings rose to 2.22p (2.06p) and the proposed final dividend is 0.9p (0.8p), making a total of 1.35p (1.25p).

Bardsey back to profit

Second-half profits from Bardsey reached £377,000, thereby offsetting the mid-term loss and leaving a pre-tax balance of £248,000 for 1986. Previously there was a loss of £726,000 including £449,000 exceptional debits.

The company concentrated on its manufacturing and distribution activities for specialised hand tools. The core businesses of Rabone Chesterman and RCF Tools provided the basis for the improvements.

Turnover amounted to £28.53m (£32.59m). Earnings were 1p (losses 5.6p).

The directors stated that the first quarter of 1987 had started well and they would consider paying a dividend "in the context of the current year."

Last July the Court sanctioned proposals under which the share capital was reduced and utilised to write-off the substantial adverse balance on profit and loss account.

BOARD MEETINGS

TODAY

Interims: British Empire Security and General Trust, Fleming Japanese Investment Trust, Kalamazoo.

Finals: Atlas Converting, Camellia Investments, Eastern Produce, Everard, Hyman, Thomas Marshall (Loxley), Rea Brothers, Scottish Mortgage and Trust, Smaller Companies International Trust, J. W. Spear, Toys.

FUTURE DATES

Interims—

Jersey Electric	Apr 22
Royal Dutch Petroleum	Apr 27
Shell Transport and Trading	Apr 27
Union Carbide	Apr 22

Final—

Clayform Properties	Apr 22

Public Works Loan Board rates

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Years	Quota loans by EIP†	Quota loans A‡	Quota loans repaid at maturity§	Non-quota loans A* by EIP†	Non-quota loans A* A‡	Non-quota loans A* repaid at maturity§
1	—	—	9¼	—	—	10⅛
Over 1, up to 2	9¼	9⅜	9⅜	10⅛	10⅛	10¼
Over 2 up to 3	9⅜	9⅜	9⅜	10¼	10¼	10⅛
Over 3 up to 4	9⅜	9⅜	9⅜	10⅛	10⅛	10⅛
Over 4 up to 5	9½	9½	9⅜	10¼	10⅛	10⅛
Over 5 up to 6	9½	9⅜	9⅜	9⅞	9⅞	9⅞
Over 6 up to 7	9⅜	9⅜	9⅜	9⅞	9⅞	9⅞
Over 7 up to 8	9⅜	9⅜	9⅜	9⅞	9⅞	9⅞
Over 8 up to 9	9⅜	9⅜	9⅜	9⅞	9⅞	10
Over 9 up to 10	9⅜	9⅜	9⅜	9⅞	9⅞	10
Over 10 up to 15	9⅜	9⅜	9⅜	9⅞	10	10
Over 15 up to 25	9½	9⅜	9⅜	10	10	10
Over 25	9⅜	9⅜	9⅜	10	10⅛	10⅛

Wheway buys Wright Airconditioning for £5m

BY GRAHAM DELLER

Wheway, Birmingham-based engineer and drop forging specialist, has conditionally agreed to purchase Wright Airconditioning in a £5m deal.

Wright operates in the expanding field of providing air-conditioned environments for computer installations. In the 12 months to December 1986, it achieved taxable profits of £652,000 on a turnover of £16.39m.

The purchase price is to be satisfied by the issue of 15.97m new Wheway ordinary shares, 1.27m of which are to be retained by the vendors. The remaining 14.7m shares have been conditionally placed at 31p by N. M. Rothschild.

Rothschild is to initiate an open offer to Wheway shareholders to subscribe for new ordinary shares at the placing price. Scaling-down procedures would come into force in the event of the offer being over-subscribed.

Wheway said that Wright would be the flagship of its newly formed environmental division which is poised to enter North American markets through agency agreements.

Horace Cory profit

Horace Cory, chemical colour manufacturer, stayed in the black in the second half to record a profit of £250,000 for the whole of 1986. That compared with a loss of £224,000 previously.

The result, however, was not as good as the directors hoped. Overseas competition, they said, caused a fall in margins throughout the industry, and the company had to adapt to face the difficulties and to improve trading generally.

The directors said that so far 1987 had remained profitable and they hoped that foundations laid recently would show a steady improvement.

Earnings in 1986 came to 0.84p (loss 0.77p) and the final dividend is 0.35p for a total of 0.65p net (0.6p).

Anchor Chemical spurts to £1.5m

Better results in the UK and overseas helped Anchor Chemical Group to push up its pre-tax profit from £1.13m to £1.55m in 1986. Net turnover rose from £20.96m to £32.6m.

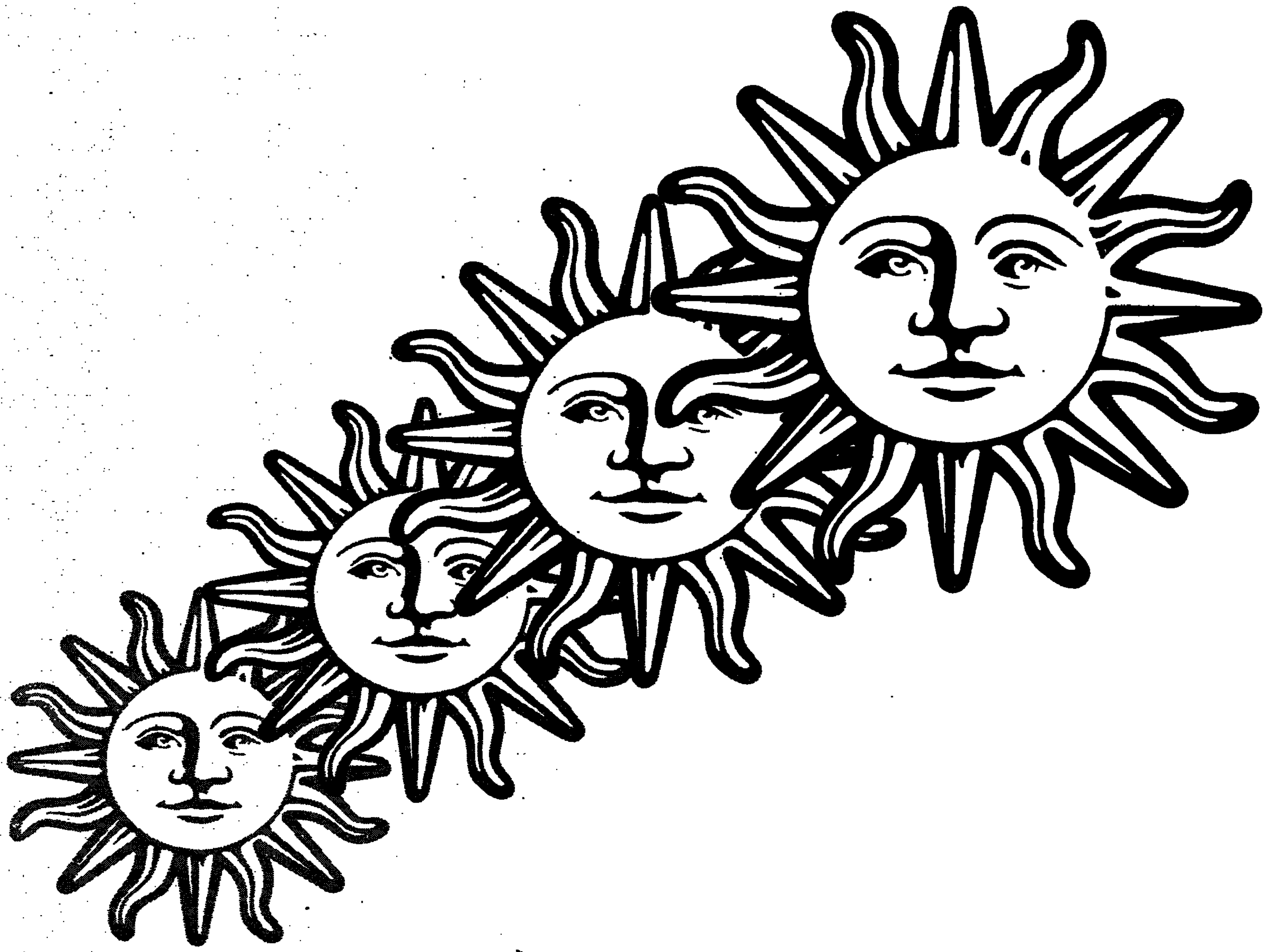
The group was benefitting from the recent investment programme, the directors reported. Subject to reasonable trading conditions, they looked with confidence to further growth in 1987.

Net gearing had been cut to 32 (56) per cent, while net asset value per share rose to 209p (190p).

Earnings for the year worked through a 22p (16.35p) and the dividend is raised to 5p (4.25p) net with a final of 3.75p.

Yearlings total £1.5m

YEARLING BONDS totalling £1.5m at 9⅞ per cent, redeemable on April 20 1988, have been issued by the following local authorities. Eastbourne Borough Council £0.25m; Braintree District Council £0.5m; Midlesbrough (Borough of) £0.5m; Wimborne District Council £0.25m.



£519,000,000
Total premium income up 20%

£4.9 billion
Total Funds under Management up 26%

£17,400,000
Profit after tax up 23%

28.5p Annual Dividend up 20%

SUN BEAMS

Sun Life is happy to announce that 1986 post-tax profits for shareholders were £17.4 million, 23% up on 1985. A notable new contributor to profit was our unit trust company, whose pre-tax profit was £1.3 million. In view of our sustained growth we have declared a total dividend for 1986 of 28.5p per share, an increase of 20% over last year.

Surging bond sales and an excellent first full year for our unit trust company resulted in very satisfactory new business figures. Single payments rose to £386 million, up 90% on 1985. Annual premium payments at £53 million matched 1985's record levels, if a special tranche of reassurance business in 1985 is excluded.

Nearly 80% of our sales is accounted for by Brokers and other intermediaries. They are the backbone of our business. But our direct salesforce, which operates completely separately, also had a successful year with sales 28% up on 1985.

In 1986 the funds we managed grew by over £1 billion, more than the total funds we managed ten years ago. This brings our current funds under management to nearly £5 billion.

Other successes in 1986 included seven of our unit trusts being listed by Money Marketing/Opal in the top ten best performers in their sectors. Two of these funds featured in the overall top 10 out of more than 800 qualifying funds.

To celebrate 10 years of unit linked business we launched our Anniversary Bond in February 1987. Sales have exceeded expectation and currently stand at over £100 million. We have generally had a very good start to 1987 and anticipate further excellent results.

Sun Life has expanded rapidly from its traditional life insurance base. If you would like to hear more about a year in the life of what is now one of Britain's most consistently successful investment houses, ask Tony Setchell for a copy of our 1986 Report and Accounts.

Sun Life Assurance Society plc,
107 Cheapside, London EC2V 6DU.
Factline: 01-606 7788.

SUN LIFE
BRINGING INVESTMENT TO LIFE

UK COMPANY NEWS

Albert Fisher more than doubled at £7m midway

Further substantial progress in both the UK and US enabled Albert Fisher Group, the fast expanding food distribution and services concern, to report more than doubled pre-tax profits of £7.06m for the six months to February 28, 1987, against £3.22m last time.

The result compared with proforma profits of £5.19m for the same period last year, based upon the group as constituted at February 28, 1987, and applying the same dollar/sterling exchange rate of 1.4680. This reflected underlying growth of 35.9 per cent.

Turnover nearly doubled to £101.31m (£51.04m).

All divisions contributed to an increase in margins to 7 per cent (pro forma 5.9 per cent). Stated earnings per 5p share grew 57 per cent from 3.15p to 4.96p. There is an interim dividend of 1p, on capital increased by a proposed one-for-two scrip issue (adjusted 0.5p). A final dividend of 1.25p is forecast making a total in effect doubled at 2.25p.

On prospects, the company said it was confident about the second half, for continued growth in the future and was encouraged by the significant opportunity for further expansion.

The group's UK food side turned in profits of £2.23m, against a reported £661,000 and proforma £1.67m; UK distribution made £794,000 (£477,000 reported and £532,000 proforma); and US food services £4.03m (£2.08m reported and £2.99m proforma).

● comment

Poor weather in Massachusetts meant that the profits out-turn Fisher was a shade under most expectations but no-one was quibbling and the shares put on 6p to end at 238p. There were, after all, plenty of indications yesterday that the group can maintain its image as one of the food sector's star performers. The underlying growth figure, for example, confirms that the group is on target to expand organically by more than 30 per cent for the fourth successive year. And Fisher showed the sureness of its touch with acquisitions by revealing that it has already stripped out £4m of the £23m working capital from the three businesses bought from Guinness in November. This year pre-tax profits of £16.3m would put the prospective p/e at about 20. That is about five points above the market average but the multiple seems certain to fall given the virtual certainty that Fisher will make more earnings boosting acquisitions during the rest of the year. The shares do not seem overpriced.

Bentalls improves by 17% to £3.84m

Bentalls, the Kingston upon Thames department stores group, more than made up the midway shortfall through the second six months of 1986-87 and for the full year returned profits of £3.84m pre-tax, an improvement of 17 per cent over the previous year's £3.27m.

Furthermore, the opening weeks of the current year started well and sales to date show an increase of 13 per cent over last year.

Turnover for the year to January 31 last improved from £62.75m to £67.49m and at the operating level profits increased by £550,000 to £3.67m. Interest income added £20,000 more at £168,000.

Tax of £1.52m (£1.24m) left net profits at £2.31m compared with a previous £2.03m. An extraordinary provision this time of £296,000 comprised the net costs relating to the closure of the Peugeot Talbot dealership, prior to redevelopment.

Earnings worked through at 5.55p (4.87p) per 10p share and a final dividend of 2.21p lifts the total from 2.3p to 2.65p.

Planning permission for the redevelopment of the Kingston store site was granted in February.

The directors said the store would be able to trade without disruption for the next three years and they anticipated that the new department store, together with an additional multi-storey car park on the site of the present garage, would be open for trading in 1990.

The group's pension contribution holiday, which started last May, has been extended for a further three years.

Helene held in check

Helene of London, fashionwear manufacturer, is still being held in check by the Peter Barron subsidiary, acquired at the end of 1985. Group pre-tax profits for 1986 are just £40,000 up to £1.75m for 1986 despite a rise from £24.74m to £30.16m in sales.

Barron lost a further £70,000 in the second six months to bring its total losses for the year to £184,000. The directors said in the October interim statement that steps had been taken to correct the situation and pointed out that consideration for Barron was returnable pound for pound if profits over the five years from acquisition failed to reach £300,000 after tax in aggregate.

The directors stated that most of the other companies in the group had a successful year and between them they exported £7m worth of fashion clothing, mainly to Europe, compared with £5m in the previous year. Sales in 1987 continue to show an upward trend.

The tax charge for 1986 was £665,000 (£740,000) and minority interests were £35,806 (£2,448) leaving net attributable profits of £1.05m (£969,000) for unchanged earnings per share of 3.1p. Likewise the dividend is unchanged at 1.63p

Wade Potteries rises to £1m

Wade Potteries, a holding company involved in the manufacture of ceramic products, lifted pre-tax profits by more than 56 per cent from £652,115 to £1.02m on turnover ahead by 18 per cent to £9.88m (£8.36m) in the six months to January 31 1987.

The directors said that all the companies within the group had produced acceptable results. Capital expenditure was continuing at last year's level and the product base had been expanded

Shareholders benefit through a declared interim payment of 1.35p, up from 1.1p last time.

United Ceramic makes 29% advance to £0.3m

WITH SECOND-HALF profits up by 45 per cent to £202,000 against £139,000, United Ceramic Distributors improved its 1986 pre-tax result by 29 per cent to a record £330,000 compared with a previous £255,000.

The dividend for the year is lifted by 0.25p to 4p, with a recommended 3p (2.75p) final. Earnings per 20p share advanced from 6.3p to 8.5p.

The company, which trades on the USM, was formerly a wall and floor tile distributor, but branched into crystal glassware retailing when it took over Tudor Crystal in November 1985. Mr P. S. Battin, the chairman, said the company's name no longer reflected its full activities, and a proposal to change the name to Tudor will be made at the annual meeting.

Looking ahead Mr Battin said that during the first quarter of 1987 the group had experienced an improved level of activity. United Tile was feeling the benefit of the wider customer base established in 1986, and Midland Tile Contractors had operated during the first quarter with increased sales volumes. The strength of its order book should show an expanding contribution to group profits for the year, he said.

Tudor Crystal, contrary to the normal cycle of trade in the tableware industry, had also started the year with an improved level of sales. Substantial reorganisation of that business took place in 1986. The costs were written off to pre-tax profits.

In addition, a subsidiary, Tudor Crystal Inc, had been incorporated since December 31 1986 to promote and market the company's products in the US.

Group turnover for 1986 rose by 17 per cent to £9.17m (£7.82m), with cost of sales at £7.16m (£6.3m). Distribution costs took £1.08m (£862,000), and administrative expenses were £562,000 (£344,000). Interest charges fell to £39,000 (£65,000).

After tax of £123,000 (£101,000) and dividends taking £98,000 (£91,000), retained profits came out £46,000 ahead at £109,000.

The company has made a provision for a distribution to the employee profit sharing scheme.

UK COMPANY NEWS

Astra expands in military markets via US purchase

BY GRAHAM DELLER

Astra Holdings, Kent-based pyrotechnics group, is to increase its exposure to military markets via the conditional acquisition of Walters Group, a US defence contractor based in Illinois and Wisconsin.

Walters is a holding company for Accudyne, a manufacturer of high technology electronic, electro-mechanical and mechanical components, and E. Walters, a precision engineer supplying US defence and automotive industries.

Astra will pay a maximum consideration of $35.5m (£21.8m) for Walters, $25.5 of which is payable in cash and shares on completion of the deal. The balance is payable in cash assuming Walters meets pre-set profit targets.

To fund the greater part of the acquisition, Astra is to offer existing shareholders a chance to subscribe for 36.5m new ordinary shares at 28p per share.

Walters made pre-tax profits of $4.71m on a turnover of $24.28m in the nine months to end-December 1986. The group estimated that taxable profits for the full year to March 31 1987 would not be less than $7.2m.

Astra also announced results for the year to December 1986 which showed pre-tax profits of £484,000 (£210,000) on turnover of £8.07m (£6.43m).

After tax of £144,000 against £73,000 for the comparable period, earnings per 5p share came out at 0.64p (0.26p).

The major area of Astra's activities lies in supplying military pyrotechnics such as thunderflashes, practice bombs and smoke screens, but Mr Gerald James, chairman, stated that the firework business also achieved a substantial increase in turnover and should continue to expand.

The Walters acquisition would represent the completion of a key part of Astra's policy to have defence industry manufacturing facilities in the UK, US and Canada, and would enable the group to capitalise on licence arrangements in major defence markets, he added.

Astra estimated that pre-tax profits for the 15-month period to end-March 1987 would be not less than £950,000. This figure would include a contribution of £250,000 from Unwin International, acquired by Astra last October.

Pro-forma figures for the enlarged group were estimated to show pre-tax profits of £6m, which based on a notional tax charge of 35 per cent would produce earnings per share of 2.64p.

Astra proposed a dividend of 0.25p for the 15 months to March 1987. The new shares issued in respect of the Walters purchase will not rank for the dividend.

Astra also forecast a dividend of 0.87p for the year to March 1988.

Astra Holdings' shares were suspended at 40½p on April 8. Dealings are expected to resume soon after the EGM convened for May 20 to approve the deal.

Jacksons Bourne End

Bugge Eindems A/S, a Norwegian property and investment group, has reduced its stake in Jacksons Bourne End from 72 per cent to 60 per cent.

Jacksons, a shoe components manufacturer and property company, is essentially a shell company with a London quotation.

Bugge Eindoms acquired its 72 per cent stake in February when it made a formal bid for the rest of the issued share capital which valued it at about £9.5m. At the time it said it would reduce its stake to 60 per cent

The 263,284 shares have been placed with institutional and private investors through a syndicate

Jacksons shares closed down 5p at 580p.

Walter Lawrence profits jump 67%

Walter Lawrence, house builder and contractor, achieved a 67 per cent jump in pre-tax profits to £7.51m for 1986, compared with £4.49m. The figure includes redundancy and other costs incurred during the year, and is prepared on a merger accounting basis.

In November the company issued a £22.7m vendor rights issue which was heavily undersubscribed. The money was to finance the acquisition of Poco Properties, a privately-owned housebuilder, which the directors said yesterday had strengthened the group.

An increased final dividend of 3p (2.65p) is being recommended, which will bring the total for the year to 4p (3.65p). This will be paid from earnings per share over 50 per cent higher at 12.6p (8p).

The company had a healthy land bank spread over many sites, the directors said, and they believed demand for the group's homes would continue to be strong in 1987. Further expansion of house-building activity was planned, especially in the south of England, and they were confident of a year of further advance.

Walter Lawrence Construction had a good year in all its divisions except Walter Lawrence and Son, the directors reported. That company, which incurred a significant loss, would be merged with the refurbishment operation of Walter Lawrence (City) to form Walter Lawrence City & Southern.

The Walter Lawrence City division had a good year, and entered 1987 with a satisfactory order book, they said. Although the tools division continued in loss, the other divisions of Walter Lawrence Manufacturing had performed up to expectation.

From turnover 13 per cent ahead at £176.64m (£156.37m) operating profits came out at £11.15m against £7.64m. The pre-tax figure was after interest charges of £3.44m (£3m), and a £200,000 (£160,000) contribution to the employee profit sharing scheme.

Tax took £1.45m (£816,000). For the first time in some years there were no extraordinary charges (£1.64m), and the directors said they intended to avoid such charges unless necessary.

comment

Walter Lawrence has done a lot to improve its image — although merger accounting can not hide a flat earnings performance. However, round at Morgan Grenfell there will be smiles for once. Last November, in the midst of a generally unhappy time for the merchant bank, it was stuck with 70 per cent (18.7m shares) of a £22m rights call by Lawrence. Nobly, Morgan Grenfell Investment Management picked up 11.5m of the loose stock at 85p — on which a £5.3m capital profit has already been made. With interest charges and rationalisation costs being taken on the chin and the prospect of loss elimination in the company's lessening construction and minor tool making activities, all seems set fair for Lawrence to firmly establish itself (with Poco's invaluable help) as a home counties house builder. Forecasts of £9½m produce a prospective p/e of 8 at 131p. On this rating many, including the mysterious party that was blocked from buying up to a 29.9 per cent stake after the rights flop, may consider bidding — even after valuing everything but house building at zero.

COMPANY NEWS IN BRIEF

MORGAN CRUCIBLE Company has reached agreement with Bullers to purchase Unilator Technical Ceramics subject to Bullers shareholders' approval. Unilator made a profit before tax of £358,000 on £2.18m turnover for 1986, and net book value of its assets at March 21 1987 amounted to £1.43m.

REDLAND subsidiary Cawoods Oil has acquired Lanstar Petroleum, a distributor of petroleum products in the north west with a current turnover of £11m.

WHITECROFT has substantially expanded the trimmings activities of its textile division with the acquisition of James North Hardy and Sons of Stockport, and Ripley Lace. Combined profits before interest of the two were £227,000 in the year to May 31, 1986.

LADBROKE GROUP has successfully completed its rights issue to raise approximately £294m. Of the 81,042,186 new ordinary shares offered 72,867,520 shares, 90 per cent of those provisionally allotted have been taken up. The balance has been sold in the market at a premium over the subscription price of 22p per share, which wil be distributed pro rata to those original allottees who did not take up their rights.

BOOTS has acquired Curry Paxton (Holdings), a privately owned chain with net assets of £1.5m. The purchase brings Boots practices to 240, with 107 in-store. The Curry Paxton chain will be converted to Boots opticians.

SEARS (footwear, department stores and specialist retailing): Company has disposed of remaining engineering subsidiaries Pegson of the UK and Compagnie BK of France. Extraordinary loss arising on termination of involvement in engineering, would be around £14m.

Swindon Hospital

Swindon Private Hospital achieved turnover of £931,000 (£810,000) and pre-tax profits of £86,000 (£24,000) for the six months to January 31 1987.

Gross profits were £483,000 (£420,000) after cost of sales of £448,000 (£390,000) but before other operating expenses of £313,000 (£276,000) leaving operating profit at £170,000 (£144,000). Interest payable was £96,000 (£120,000) and there was £12,000 (nil) exceptional income arising from a successful rates appeal. Tax took £30,000 (nil) leaving earnings per share of 4p (1.7p).

COMMODITIES AND AGRICULTURE

UN report criticises Asian farm policies

FARM SUPPORT policies in Asian and Pacific countries are counter-productive and will further depress commodity prices if continued, the United Nations said in a report released this week.

The report, by the Bangkok-based UN Economic and Social Commission for Asia and the Pacific (Escap) also blamed developed countries for contributing to the problems facing world agricultural trade.

The Escap annual report said price-support programmes in Asian countries had transformed the high prices and short commodity supplies of the 1970s into depressed prices and abundant supplies.

Developing countries in the region must now adjust their policies to cope with this glut, it said, even though the transition from government subsidies to a full market system may be difficult to achieve.

Whale hunt ends

THE NISSHIN Maru No 3 sailed into Tokyo this week with more than 10,000 tonnes of processed meat and oil from Japan's last commercial haul of minke whales — and with a banner protesting the end of commercial whaling, reports AP-Dow Jones.

Conservationists, meanwhile, were criticising Japan's announced plans to hunt 875 whales for research purposes next year.

LME clearing

THE LONDON Metal Exchange is to switch to a two-day cash settlement procedure on May 29, when International Commodities Clearing House clearing is introduced, Mr Michael Brown, the chief executive, told an LME members meeting yesterday.

At present cash trading is carried out effective for the following day, but in future cash business will be settled two days later, he said.

South Yemen oil

SOUTH YEMEN has found oil in commercial quantities in the north west of the country, making it the last state on the Arabian peninsula to make significant discoveries, Reuter reports from Aden. The Government said the country "now joins the ranks of petroleum-producing countries."

● IN THE edition of March 14 it was mistakenly reported that the Yemen Arab Republic last year raised a $200m loan to finance oil imports. Such a facility was arranged by National Commercial Bank, the Saudi Arabian institution, but never taken up.

Brazil prepares to resell London robusta coffee

BY ANN CHARTERS IN SAO PAULO

MR JORIO DAUSTER, president of the Brazilian Coffee Institute (IBC), arrived in London yesterday to organise the sale by auction of the 630,000 tonnes of coffee purchased in its historic and, as it turned out, ill-conceived foray into the London robusta futures market last September.

At the time the IBC was confident that coffee prices were set to rise as the full impact of Brazil's 1985 drought came to be felt on the world market. Brazil normally accounts for about 30 per cent of world coffee exports but the drought had cut by half supplies available for export in the 1986-87 season.

The stated reason for the purchases of robusta coffee was to augment supplies for the domestic market and release more of Brazil's own higher grade aribica coffee for export. But few market observers were convinced of this. Most thought the IBC's strategy was simply aimed at driving up the sagging world market.

The resulting price rise was shortlived, however, and the IBC's assumptions about the scale of the approaching supply shortage proved exaggerated to say the least. Instead of rising the market moved still lower, leaving the IBC holding an expensive European stockpile of unwanted coffee—for which it still has to pay.

The institute owes 18 European-based companies a total of $150m for the coffee, to which must be added brokerage, storage and financing charges. And as the coffee was bought in London it is facing a further loss because of the pound's subsequent rise against the US dollar. In all the operation could turn out to have cost the IBC between $170m and $180m, one Brazilian trader estimated yesterday.

Since the robusta coffee purchased is now worth only about $70m to $80m the IBC must find at least an additional $90m to meet its obligations. The intention is to auction new shipments of 1m bags or arabica coffee plus 100,000 bags of the robusta that were actually shipped to Brazil, as well as the remaining robusta still in Europe, over a period of six to eight months.

Once the first auction is concluded the IBC plans to start paying the companies that have placed the remaining 530,000 bags of robusta in guarantee for bank financing. Gradually as the loans are paid, the IBC can then auction the robusta, spreading out offers so as not to depress the market. Because of the drop in coffee prices, Brazil needs to sell two bags of its finer arabica coffee to pay for the earlier purchase of one bag of robusta, which normally commands a much lower price.

The ill-timed, and apparently ill-considered decision to purchase coffee last September is to be the subject of a government inquiry and a private audit. It is unlikely that government heads will roll since the decision was approved by Brazil's National Monetary Council, the highest interministerial economic authority. The decision to move on the coffee debts was delayed due to lack of funds and bureaucratic haggling.

For the first five months of the year coffee export registrations totalled slightly more than 700m bags. It is expected that June registration will be opened after Mr Dauster's return to Brazil.

The estimated coffee income for Brazil's hard-pressed trade account this year is $900m.

Our Commodities Staff adds: The London Coffee Futures Market has already discounted the impending sales. One analyst said the surplus coffee was "overshadowing the market all the time."

Prices for the robusta July contract yesterday closed firmer at £1,327 a tonne, a rise of £4.50 over the previous day, when prices advanced by £36 a tonne.

Analysts said it was difficult to say where the extra coffee would end up although wherever it was sold it would have to be priced very competitively.

US feed groups attack EEC

BY NANCY DUNNE IN WASHINGTON

US FEEDS grains groups have asked the Reagan Administration to "take appropriate action" against the EEC for alleged violation of the recently concluded compensation agreement over the accession of Spain and Portugal to the Community.

In a letter to Mr Richard Lyng, the US Agriculture Secretary, the heads of four farm groups said the Community was violating the pact by subsidising the export of 750,000 tonnes of maize. Under one article of the agreement, the EEC promised to take measures to ensure that imports of corn (maize) and sorghum into Spain are not diverted to other markets, the letter said.

"Although the agreement does not make specific reference to prohibition of re-export of EEC-produced grains to offset imports, the spirit and wording of that accord was to provide compensation to the US for the loss of a specified volume of grain," the letter said. "Hence, subsidised exports of EEC grain to offset imports directly undermines the agreement just as much as re-export of imported grain would."

The heads of the US Feed Grains Council, the National Corn Growers, the National Barley Growers, and the National Grain Sorghum Producers said that the export of Community maize with restitutions is a violation of the General Agreement on Tariffs and Trade, which prohibits the more-than-equitable gain of market shares through the use of subsidies.

Under the US-EEC accord, the Community is to develop a plan to allow foreign exporters access to its markets. No plan has yet been proposed, however, and American producers have sold no feed grains under the January 29 agreement.

Surinam aluminium problems continue

BY CANUTE JAMES IN KINGSTON

THE SURINAM Aluminium Company (Suralco) has brought its 1.2m tonnes a year refinery up to full rated capacity, but has been unable to restart its smelter, following a 10-week shutdown after anti-Government rebels destroyed power transmission lines and disgruntled workers damaged electronic systems.

The company, a wholly owned subsidiary of the Aluminium Company of America (Alcoa), with Billiton, owned by Royal Dtuch Shell, operates the industry in the Dutch-speaking republic in northern South America.

Suralco said also that it was still unable to obtain ore from its mines in the town of Moengo, vacated last November after an attack by rebels. It is continuing to import 55 per cent of the refinery's feedstock from the Dominican Republic. The rest is being supplied by Billiton from its Surinam mines which were not closed.

Some power lines have been repaired, but these are providing only enough electricity for Paramaribo, the country's capital, and there is not enough to supply the 60,000-tonnes a year smelter.

The company has asked the Surinam Government for a guarantee of security before reopening the Moengo mines, but this has not yet been given. The closure of the mines has left 600 workers without jobs, while another 550 are awaiting the reopening of the smelter.

The battle to save Sabah's forests

BY STEVEN BUTLER, RECENTLY IN SABAH

A DISPLAY board in the Sabah forest department in the city of Sandakan shows off a photograph of the tropical forest, with an admonishment that forest resources "are not for our children, but for our grandchildren."

The conservation ethos behind the display seems at odds with the reality of rapid extensive logging in Sabah, the Malaysian state on the northern tip of the island of Borneo that is 50 per cent covered by 3.38m hectares of gazetted forest reserves.

The "good old days," when Sabah's tropical timber seemed an inexhaustible resource, are now gone for ever. Instead, Sabah faces an acute dilemma — how to maintain a source of revenue which in the past has accounted for as much as 70 per cent of government income, without permanently damaging the delicate environmental balance of the tropical forest.

It is a question that has drawn increasing international attention from environmental groups such as Friends of the Earth and Terra. The concern is not just about Malaysia, which is the world's largest exporter of tropical timber, but about the alarming rate of worldwide depletion of tropical forests.

As trees are cut, thousands, perhaps millions, of species of plants and animals die with them and vanish permanently. Sabah's forests, particularly in the east, where a layer of fertile volcanic soil covers the earth, are said to be biologically the richest in the world.

Felling trees causes severe soil erosion. It can also alter climates and create deserts because of the loss of water retention capacity and the raising of soil temperatures.

Precisely how badly Sabah's forests have been damage will not be known until the state forestry department has completed a current survey of forest resources.

In theory, logging need not do extensive damage to the forests. Of the state's 3.38m hectares of gazetted forest, 2.67m hectares are designated as commercial forest land that may be logged with government licenses. Most of that forest has been logged at least once, and extraction is growing more expensive.

According to government regulations, loggers may only cut and extract trees with a diameter larger than 60 centimetres. There are further regulations about how roads are to be cut, and the methods of extracting trees. Government officials say that the regulations have been followed in the main, and that the forests can thereby regenerate over the 80-year rotation period that has been allowed.

Others are more sceptical and believe that less discriminating loggers have severely chewed up the forest floor, and felled an unnecessary number of smaller trees in an effort to speed the extraction process.

Loggers are after the tall, mature dipterocarp species that tower over the jungle floor and provide a dense canopy that shelters most life in the forest. No one knows for sure precisely how the forests will regenerate, since with the dominant species and the canopy gone, sunlight increases, temperatures rise, and the forest floor is no longer sheltered from the heavy rains.

Foresters believe that most tropical plants and animals live in the canopy itself. They are also worried that some species of trees may not be able to survive without the share to protect young saplings.

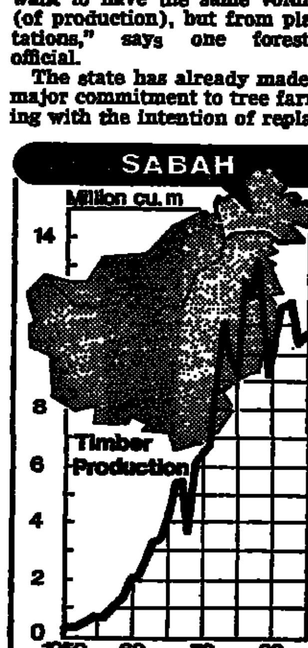
The Sabah Government faces an intractable problem, however. Although revenues from the forests has been declining for years the M$444.7m (£110m) they contribute to government income in 1986 amounted to 51 per cent of the total.

The rate of timber extraction is thought to be roughly four times current regeneration rate, but if that imbalance was corrected the Government's revenue would be devastated.

Reality has to be faced, however, and, in an effort to boost world market prices, the state has moved to cut its annual timber production quota to 6m cubic metres—compared with 13m cubic metres in 1978.

"Our long term target is to concentrate on plantations. We want to have the same volume (of production), but from plantations," says one forestry official.

The state has already made a major commitment to tree farming with the intention of replacing the logging of natural forests. Plantations, however, are not yet proven to be commercially viable.



The pioneer of commercial tree farming in Sabah is Sabah Softwoods, which is a joint venture between North Borneo Timbers (30 per cent) and the Sabah Foundation (70 per cent)

The name is misleading because the company quickly gave up the idea of planting softwood species; and since 1974 has planted some 25,000 hectares of fast-growing hardwood trees. Sabah Softwoods hopes eventually to plant 60,000 hectares of commercial tree plantations.

It has been a difficult 12 years for the company. It had spent M$138m on capital and plantation development by November 1986, and has not made a profit in a single year. The trees take about a dozen years to mature depending on species and intended use—and in the meantime the company has planted cocoa, coffee, and oil palm to provide some cash flow. Officially Sabah Softwoods expects to lose M$2.57m this year on sales of M$21.08m, but there is more optimism out in the fields, and forestry officials have great praise for the project.

In 1983, Sabah Softwoods began to export wood of the albizia falcataris tree to Taiwan, where it is used for the inner core of blockboard. It expects to export 200,000 cubic metres this year and prices are remunerative. The company figures it costs M$15 per cubic metre to grow the tree, M$30 to harvest it, and it is now getting M$75. When the trees are cut, new shoots sprout out of the stumps like weeds, nearly eliminating the need for replanting.

Besides Sabah Softwoods, the Sabah Forest Development (Safoda), a government agency, has planted some 17,161 hectares of acacia mangium in wasteland areas that had been destroyed by shifting cultivation, and Sabah has high hopes of the potential for sales of acacia mangium. The wood is unlikely to be marketable until a stable supply is vailable in large quantities, however.

In any case, the Government has little choice but to forge ahead. Logging at current rates is unsustainable, and foresters in Sabah assume that the price of timber can only rise over the long run, as natural forests are depleted worldwide.

The crucial question for Sabah is how quickly the Government can begin to draw on tree plantations as a significant source of reevnue. This is likely to take many years at best, and in the meantime pressure for rapid commercial exploitation of natural forests will be intense.

LONDON MARKETS

CONCERN ABOUT the availability of supplies for nearby delivery following the recent reduction in London Metal Exchange warehouse stocks pushed the cash lead price up again yesterday and widened the backwardation (the cash position's premium over forward metal). The cash price gained £7 to £336.50 a tonne—the highest level since early January—while the backwardation moved out to £20 a tonne from £14.25. The nickel market was also firm with the cash position ending £37.50 higher at £2,415 a tonne. The three months position closed £34.5 up at £2,428 a tonne and dealers were talking of resistance at £2,450 a tonne being tested soon. They said yesterday's rise was the result of short-covering and speculative buying. The advance was halted by stop-loss selling, they added. The only other notable movement in the LME was cash aluminium's £11 rise to £860 a tonne. Traders said that was due to active "borrowing" (buying cash and selling forward) following Tuesday's £20 fall.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	.59-61	+11	860/840
3 months	802-3	+2	805/795

Official closing (am): Cash 848.5-9.5 (857-8), three months 799-800 (805-5.5), settlement 849.5 (858). Final Kerb close: 801-2. Turnover: 14,300 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	915-16	+1	920/914
3 months	874-4.5	—3	877/873.5

Official closing (am): Cash 918-19 (915.5-16), three months 873.5-4 (877.5-8), settlement 919 (916). Final Kerb close: 873-3.5.

Standard			
Cash	863-7	—5	865
3 months	853-6	—6	—

Official closing (am): Cash 864-5 (867-8), three months 853-5 (857-8), settlement 865 (868). US Producer prices: 66-69.625 cents per pound. Total Turnover: 29,225 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	336-7	+7	339/336
3 months	316-17	+1.25	320.5/316

Official closing (am): Cash 338-9 (332-3), three months 316.5-17.5 (318-18.25), settlement 339 (333). Final Kerb close: 320-20.5. Turnover: 8,625 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2410-20	+37.5	2400
3 months	2425-30	+34.5	2430 2410

Official closing (am): Cash 2,400-10 (2,377-80), three months 2,412-5 (2,394-5), settlement 2,410 (2,380). Final Kerb close: 2,420-5. Turnover: 1,176 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	456-7	—2.25	460/455
3 months	454-5	—1.75	458/455

Official closing (am): Cash 457-7.5 (458-8.25), three months 456-7 (458-8.5), settlement 457.5 (458.25). Final Kerb close: 454-5. Turnover: 3,675 tonnes. US Prime Western: 38.5-44 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.64 (16.63) ringgit per kg. Up 0.01.

GOLD

Gold rose $1 to $443½-444 on the London bullion market yesterday. It opened firm at $445¾-446, but down from the level in New York, where the metal broke through $450. The steady performance by the dollar kept gold below $450 in Europe. It was fixed at $445.60 in the morning and $444.10 in the afternoon. The peak was $447-447¼ and the low $441½-442.

GOLD BULLION (fine ounce)	April 15	
Close	$443½-444	(£272-272½)
Opening	$445¼-446	(£274¼-274¾)
M'n'g fix	$445.60	(£273.867)
Aft'n'n fix	$444.10	(£272.728)

GOLD AND PLATINUM COINS		
Am Eagle	$455-460	(£278¾-281¾)
Maple lea'	$457-460	(£280-281¾)
Kr'g'r'nd	$447-450	(£274-275¾)
½ Krug	$236½-237½	(£145-145½)
¼ Krug	$120-121	(£73½-74¼)
Angel	$455½-458½	(£279-281)
1/10 Angel	$45¼-50¼	(£27¾-30¾)
New Sov	$105-106	(£64¼-65)
Old Sov	$105½-107	(£64¾-65½)
$ 20 Eagle	$490-540	(£300¼-330¾)
Noble Plat	$610-619	(£373¾-379¼)

SILVER

Silver was fixed 23.05p an ounce higher for spot delivery in the London bullion market yesterday at 444.65p. US cent equivalents of the fixing levels were: Spot 724.15c, up 37.15c; three-month 736.05c, up 37.6c; six-month 748.05c, up 38c; and 12-month 772.75c, up 39.4c. The metal opened at 440-443p (714-718c) and closed at 439½-441½p (717-720c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	444.65p	+23.8	444p	+15.5
3 months	455.00p	+25.4	455p	+14.5
6 months	464.95p	+23.6	—	—
12 months	483.80p	+24.8	—	—

LME—Turnover: 2 (nil) lots of 10,000 ounces.

Three months final kerb 451-3p.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted little interest at the higher levels and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 61.00p (same); May 62.00p (same); June 61.50p (same). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 229.5 (same); SMR 20 198.5 (197.5).

FUTURES—Index 591, May 588-595, June 588-595, July/Sept 588-595. Sales: Nil.

JUTE

JUTE—March/April c and f Dundee: BTC $445, BWC $440, BTD $365, BWD $360; c and f Antwerp: BTC $405, BWC $400, BWD $340, BTD $345.

INDICES

REUTERS

Apr. 15	Apr. 14	M'th ago	Year ago
1565.1	1565.1	1522.9	1806.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 14	Apr. 13	M'th ago	Year ago
Spot	119.56	118.14	—	129.00
Fut	121.39	119.38	—	135.09

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Apr. 15 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1380/410	—35	$1395/375
Copper			
Cash Grade A	£915.5	+1	£907
3 mths	£874.25	—3	£880
Gold Troy oz	$445.75	+1	$405.5
Lead Cash	£336.5	+7	£306.5
3 mths	£316.5	+1.25	£298.87
Nickel			
Free Mkt	175.5/198.5c	+1.5	178/198c
Palladium oz	$139.10	—0.15	$124.70
Platinum oz	$569.75	—2.90	$525.60
Quicksilver†	$240/250	+20	$205/215
Silver troy oz	444.65p	+23.05	347.50p
3 mths	455.00p	+25.45	355.85p
Tin			
free Mkt	£4220/240	+15	£4080/280
Tungsten	$48.37		$47.06
Wolfram 22.0lb	$50/56		$46/50
Zinc	£456.5	—2.25	£461.5
3 mths	£455.5	—1.75	£448.5
producers	$730		$770/780
OILS			
Coconut (Phil)	$405x	+5	$340
Palm Malayan	$350v		$330
Seeds			
Copra (Phil)	$250		$230
Soyabean (U.S.)	$141.5w	+2	$136
GRAINS			
Barley Fut. Sept	£99.45	+0.10	£113.70
Maize	£143.25		£142.5u
Wheat Fut. July	£124.35	—0.85	£118.85
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1326.5	+2	£1295.5
Coffee Ft. July	£1327	+4.5	£1264.5
Cotton A Ind.*	66.70c	+0.55	62.95c
Gas Oil June	$141.5	+1.5	$147.5
Rubber (kilo)	61p		61p
Sugar (raw)	$175x	—1	$194
Wooltops 64s	471p kilo		455p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. † Cotton outlook. x April-May. y May. w June-Aug. v July.

COFFEE

Technical short-covering encountered trade selling as levels pushed up a further £17, reports Drexel Burnham Lambert. Once again an encouraging New York close prompted London's gains with trade selling appearing in moderate volume against possible origin purchases. The New York market consolidated and London acted similarly, closing slightly higher on the day.

COFFEE	Yesterday close	+ or —	Business Done
May	1306-1308	—0.5	1324-1304
July	1326-1328	+4.5	1340-1323
Sept	1345-1358	+4.0	1360-1341
Nov	1365-1378	+4.0	1383-1364
Jan	1388-1395	+8.0	1408-1386
Mar	1415-1418	+9.0	1433-1416
May	1430-1460	—	—

Sales: 4,894 (6,794) lots of 5 tonnes. ICO indicator prices (US cents per pound) for April 14: Comp. daily 1979 106.08 (102.46); 15-day average 99.97 (99.69).

COCOA

With prices remaining in a narrow range, volume of trade was light and futures closed only marginally steadier on the day, reports Gill and Duffus. Sales: 2,576 (1,906) lots of 10 tonnes.

	Yesterday's close £ per tonne	+ or —	Business done
May	1294-1295		1298-1291
July	1325-1326	+2.0	1329-1322
Sept	1345-1347	+2.5	1347-1342
Dec	1375-1374	+4.0	1376-1367
March	1397-1398	+4.0	1398-1391
May	1417-1418	+4.0	1419-1412
July	1437-1438	+4.5	1435-1435

ICCO indicator prices (SDRs per tonne). Daily price for April 15: 1619.76 (1586.50); 10-day average for April 16: 1583.46 (1579.99).

POTATOES

The market was very quiet as information on how the April tenders are proceeding began to filter through. So far there appears to be few problems regarding quality. Six alternative delivery procedures (cash settlements) were confirmed by the ICCH. The distant April position firmed as poor planting figures emerged for the new crop. Profit-taking towards the close weakened values, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
May	170.10	173.60	172.60-170.00
Nov	91.50	90.50	92.00-91.00
Feb	101.60	101.00	—
Apr	130.30	127.40	131.50-127.00
May	142.50	140.50	—

Sales: 574 (534) lots of 40 tonnes.

SUGAR

PARIS—(FFr per tonne): May 1165-1170, Aug 1160-1161, Oct 1198-1200, Dec 1220-1235, March 1250-1270, May 1280-1310.

LONDON DAILY PRICE—Raw sugar $175.00 (£107.50), down $1.00 (down 50p) a tonne for April-May delivery. White sugar $192.50, up 50c.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
May	156.8-157.4	153.4-155.8	157.6-152.4
Aug	161.0-161.2	157.4-157.8	161.4-155.4
Oct	166.0-166.2	162.2-162.8	166.8-160.6
Dec	167.0-168.8	164.4-165.8	—
Mar	173.8-174.4	170.6-170.8	171.4-170.8
May	176.8-177.8	175.8-174.0	174.6-174.0
Aug	179.0-181.0	177.0-177.4	—

Sales: 4,348 (2,223) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £212.00 (£212.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 14: Daily price 6.73 (6.76): 15-day average 6.72 (6.74).

FREIGHT FUTURES

Rumours of substantial Soviet activity and pre-holiday weekend book-squaring in low volume led to very erratic trading. The highs were reached very quickly in the morning and held to the midday close. However, when the BFI was announced a further 6.5 points lower some light selling weighed the market down to pare half the morning's gains, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	991/1000	995/981	991/995
July	852/855	852/840	841
Oct.	909	925/909	915/920
Jan.	918/932	920/910	910
Apr.	950	950	920
July	800	—	780
Oct.	870	—	920
Jan.	875/915	—	900/940
BFI.	1001	—	1007.5

Turnover: 408 (319).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.00p per kg lw (+0.24). GB—Sheep 254.13p per kg est dcw (−18.97) GB—Pigs 77.05p per kg lw (−2.29). GB—AAPP 100.64p per kg dw (+0.27).

FUTURES—Pigs: April 100.00, Aug 95.50. Sales: 3.

SOYABEAN MEAL

Weaker cash markets and a lower Chicago market caused values to fall throughout the day. Commercials were major sellers against only light scale-down speculative buying, reports Muirpace.

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
June	116.5-117.0	—0.75	—
August	114.0-115.0	—0.85	115.0-114.5
October	114.5-115.0	—0.85	115.8-115.0
Dec	117.5-118.0	—1.50	—
Feb	121.0-122.0	—0.75	123.0
April	123.5-124.0	—0.50	—

Sales: 164 (455) lots of 20 tonnes.

OIL

Fifteen-day Brent traded actively for both May and June. Prices followed Nymex upwards after Tuesday's bullish API statistics. May WTI opened 2c up on Nymex and traded 28c up at 1.30 pm EDT. In the petroleum products market gas oil and gasoline were quiet with most prompt buyers covered. Fuel oil was firm especially on good quality material. Naphtha weakened on diminished buying interest—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.80-16.85	—0.125
Brent Blend	17.70-17.75	—0.225
W.T.I. (1pm est)	18.20-18.30	—0.325
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-200	—
Gas Oil	138-140†	+0.5
Heavy fuel Oil	106-108	+1.5
Naphtha	164-167	—1

* June. † Correction.

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US$ per tonne		
May	142.50	+1.50	142.50-40.50
June	141.50	+1.50	141.75-39.50
July	142.00	+2.00	142.00-39.50
Aug	142.25	+0.25	143.25-41.25
Sept	145.00	+2.00	—

Turnover: 2,165 (4,083) lots of 100 tonnes.

US MARKETS

EARLY COMMISSION house selling depressed the precious metals market before trade buying steadied prices from the lows to pare losses, reports Drexel Burnham Lambert. Profit-taking towards the close took prices off the highs. Copper eased in quiet trade, but local short-covering towards the close touched off light buy stops. Crude oil futures steadied on a combination of trade buying and short-covering reflecting constructive API statistics suggesting improving demand. Sugar futures firmed in late trading as trade buying touched off commission house stops. Coffee futures eased on profit-taking. Cocoa firmed reflecting the weaker dollar and short-covering. Cotton futures fell as trade selling depressed prices in the face of speculative buying. Orange juice futures came under pressure from technical commission house selling. In the grains profit-taking in maize and the soyabean complex eased prices as the markets reacted to recent strength. In wheat, however, reports that the Soviet Union may be offered US wheat and the possibility of sales to China and Poland firmed the futures. The meats were quiet.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
May	64.40	64.70	64.40	64.25
June	63.60	63.80	—	—
July	62.70	62.90	63.00	62.95
Sept	59.60	59.80	—	—
Dec	59.00	59.20	59.05	59.05
Jan	59.00	59.20	—	—
March	59.00	59.20	—	—
May	59.00	59.20	—	—
July	59.00	59.20	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1956	1947	1958	1938
July	2004	1992	2006	1983
Sept	2031	2013	2035	2008
Dec	2061	2040	2062	2033
March	2078	2066	1080	2060
May	2100	2088	—	—
July	2120	2104	2102	2102

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
May	111.76	113.51	113.40	111.30
July	113.06	115.26	114.70	112.80
Sept	114.26	116.50	115.80	114.25
Dec	117.46	118.94	118.25	116.97
March	118.40	119.50	119.75	118.50
May	119.90	119.88	—	—
July	121.00	120.13	122.00	121.00
Sept	121.50	120.25	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
May	62.85	62.60	62.95	62.35
June	62.80	62.60	—	—
July	62.70	62.60	62.80	62.35
Sept	62.90	62.70	62.80	62.55
Dec	63.15	63.05	63.20	62.85
Jan	63.30	63.20	—	—
March	63.65	63.55	63.75	63.40
May	64.05	63.95	—	—
July	64.45	64.35	—	—
Sept	64.85	64.75	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	61.90	61.96	62.00	60.60
July	60.82	60.95	60.85	59.97
Oct	61.00	60.67	61.00	59.95
Dec	60.85	60.55	60.90	59.75
March	61.80	61.20	61.80	60.80
May	62.13	61.85	62.20	61.80
July	62.50	62.05	62.50	62.50

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
May	18.35	17.98	18.36	18.00
June	17.88	17.68	18.00	17.70
July	17.77	17.50	17.80	17.53
August	17.68	17.45	17.70	17.46
Sept	17.57	17.39	17.65	17.45
Oct	17.58	17.40	17.64	17.45
Dec	17.60	17.44	17.62	17.52
Jan	17.60	17.41	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
April	443.1	450.9	445.5	443.0
May	444.4	452.4	—	—
June	446.5	454.6	448.9	445.3
August	451.8	460.2	454.8	450.5
Oct	491.2	501.1	494.5	491.8
Dec	462.0	471.0	465.0	461.0
Feb	467.5	476.8	470.4	467.5
April	473.0	482.6	476.0	474.0
June	478.7	488.4	481.0	477.5

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
May	47.75	47.03	47.85	46.80
June	47.15	46.15	47.30	46.30
July	47.20	46.12	47.30	46.20
August	47.65	46.84	47.80	46.95
Sept	48.55	48.12	48.55	48.00
Oct	49.35	48.64	49.50	48.95
Nov	49.90	49.50	49.90	49.90
Dec	50.60	50.30	50.60	50.30

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
May	134.00	134.70	134.70	133.00
July	130.75	131.70	131.70	130.20
Sept	127.00	128.95	127.00	126.50
March	125.10	125.00	126.00	126.00
May	125.10	125.00	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
April	591.9	603.5	596.0	591.2
June	593.4	605.7	—	—
July	595.9	607.7	600.0	588.5
Oct	601.1	613.2	604.0	592.0
April	611.9	624.2	615.0	608.5
July	617.4	629.7	621.0	621.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	724.6	729.0	727.5	712.0
June	728.9	732.5	730.0	718.5
July	733.2	736.9	736.0	720.0
Sept	742.7	746.5	746.0	730.0
Dec	756.0	759.9	760.0	742.0
Jan	760.5	764.9	—	—
March	769.5	773.0	773.0	764.0
May	779.6	783.8	781.0	765.0
July	790.2	794.5	798.0	782.0
Sept	800.5	805.3	813.0	798.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	6.98	6.85	7.00	6.77
July	7.16	7.01	7.17	6.92
Sept	7.25	7.12	7.15	7.15
Oct	7.43	7.25	7.45	7.15
Jan	7.55	7.43	7.39	7.39
March	7.80	7.64	7.80	7.55
May	7.95	7.79	7.92	7.90
July	8.05	7.94	7.90	7.90

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
April	70.50	70.15	70.70	70.22
June	64.85	64.80	65.40	64.65
August	61.42	61.37	61.85	61.25
Oct	60.92	60.90	61.27	60.80
Dec	61.20	61.05	61.25	60.92
Feb	60.80	60.52	60.90	60.52
April	61.95	61.85	62.00	61.62

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
April	53.17	52.80	53.40	52.90
June	50.87	50.62	51.25	50.80
July	48.62	48.47	49.00	48.52
August	45.72	45.85	46.25	45.65
Oct	40.70	40.50	40.95	40.40
Feb	39.80	39.87	40.05	39.80
April	37.75	37.75	38.10	37.75
June	39.75	39.65	—	39.75

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	Prev	High	Low
May	169.4	171.0	169.6	168.2
July	172.2	175.4	174.2	172.0
Sept	176.2	179.2	177.6	175.6
Dec	181.2	185.4	183.4	181.0
March	188.0	192.2	190.0	187.6
May	189.4	194.0	192.0	189.4
July	191.2	195.0	193.0	191.2

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	71.42	71.82	72.60	70.95
July	69.37	68.75	69.55	67.80
August	64.40	64.30	65.25	64.00
Feb	56.72	56.32	56.75	55.60
March	56.07	55.77	56.65	56.00
May	54.65	55.20	—	54.65

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
May	513.0	518.2	515.0	512.6
July	516.6	521.2	518.0	516.0
August	516.4	521.2	518.4	516.0
Sept	511.0	517.0	513.4	510.0
Nov	510.6	519.0	516.2	510.0
Jan	517.4	525.4	521.4	516.2
March	524.0	531.6	527.4	522.4
May	529.0	536.4	533.0	529.0
July	529.4	537.0	533.0	529.4

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	149.3	151.5	150.8	149.3
July	149.6	151.5	150.7	148.2
August	150.2	152.6	151.5	150.0
Sept	150.2	153.6	152.0	150.2
Oct	150.5	154.0	152.2	150.2
Dec	151.5	154.9	153.5	151.0
Jan	152.2	156.0	153.5	152.0
March	155.0	158.0	155.0	152.8

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	15.80	15.85	15.82	15.72
July	16.16	16.21	16.17	16.07
August	16.33	16.36	16.35	16.25
Sept	16.48	16.55	16.53	16.45
Oct	16.60	16.65	16.70	16.55
Dec	16.92	16.95	17.00	16.85
Jan	16.92	16.95	17.05	16.90
March	17.20	17.25	17.26	17.10

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
May	285.2	281.6	285.4	280.0
July	270.0	265.4	270.4	263.4
Sept	270.4	266.0	271.4	265.0
Dec	276.6	273.4	277.4	272.0
March	277.4	275.0	278.0	274.0
May	270.4	268.0	270.4	268.4

SPOT PRICES: Chicago loose lard 13.50 (same) cents a pound. Handy and Harman silver bullion 721.00 (708.50) cents a troy ounce. New York tin 317-20 (316-20) cents a pound.

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: April/May/June 94.50, July 93.75 sellers. US No 2 Soft Red Winter: June 91.00, July 88.00, Aug 89.00. French 11½-12 per cent: April 144.00. English feed, fob: April 123.00 paid East Coast. April 122.75-123.00 buyer/sellers, May 120.00 buyer, June 123.75-124.50, Sept 103.00-103.50, Sept/Oct 106.50-107.00, Jan/March 110.50-111.00 buyer/sellers. Maize: US No 3 Yellow/French transhipment East Coast: March 143.25. Barley: English feed, fob: April 115.00-115.50 buyer/sellers, Aug 101.50, Sept 103.00, Oct/Dec 106.00 sellers, Jan/March 110.00 buyer.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
	£ per tonne		£ per tonne	
May	121.15	—0.25	112.00	—
July	124.35	—0.85	—	—
Sep.	100.80	+0.10	99.45	+0.10
Nov.	103.20	+0.15	102.00	—
Jan.	106.15	+0.15	104.65	+0.1
Mar.	108.70	+0.15	106.90	—
May	111.50	—	108.80	—

Business done—Wheat: May 121.35-1.15, July 124.40-4.20, Sept 100.80-0.75, Nov 103.20-3.10, Jan 106.15, March 108.70, May 111.50. Sales: 92 lots of 100 tonnes. Barley: May 112.00, Sept untraded, Nov 102.00, Jan 104.70, March and May untraded. Sales: 45 lots of 100 tonnes.

...HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 114.00, Scotland 114.50. The UK monetary coefficient for the week beginning Monday April 20 will change to 1.241.

Static delivered and fob markets were neglected in a poor old crop trade, which found a generally easier trend with consumer and merchant selling the main feature. Renewed export demand encouraged shipper support on new crop wheat, reports T. G. Roddick.

'Talking' telephone bills for the blind

BRITISH TELECOM is to introduce "talking" telephone bills for the blind and partially-sighted.

Bills will be sent to one of BT's local area offices from where staff will phone the customer, giving details of the bill and advice on payment methods. Bills will then be forwarded by post. The service is free.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slightly firmer

THE DOLLAR closed firmer in Europe, *after a quiet day. Dealers* moved to cover short positions, ahead of the long Easter weekend, and the market was regarded as ready for a technical correction after the recent bout of dollar selling.

Fear of a bear squeeze by central banks, before the Easter holiday, was a major deterrent to increased downward pressure on the dollar. The Bank of Japan continued to intervene to support the dollar in Tokyo, but other central banks, including the US Federal Reserve, appeared to stay out of the market.

After falling in early Far East trading the dollar recovered at the Tokyo close, on technical considerations, and after Mr Satoshi Sumita, Governor of the Bank of Japan, said the US Federal Reserve was determined to halt the dollar's slide.

Dealers tend to be sceptical of remarks by Japanese officials, unless backed up in Washington or Europe. Mr Karl Otto Poehl, President of the West German Bundesbank, *did not quite* endorse Mr Sumita's comments, but warned a meeting in Paris about the dangers of a further dollar fall.

The dollar rose to DM 1.8060 from DM 1.8020; to FFr 6.01 from FFr 5.9975; to SFr 1.4885 from SFr 1.4850; and to Y141.75 from Y141.10.

On Bank of England figures the dollar's index advanced to 100.7 from 100.5.

STERLING—Trading range against the dollar in 1987 is 1.6325 to 1.4710. March average 1.5926. Exchange rate index rose 0.1 to 72.1, compared with 67.8 six months ago.

Sterling was little changed, but had a firm undertone, thanks to encouraging public opinion polls for the government and a fall in March UK unemployment.

The pound rose 5 points to $1.6325-1.6335, and improved to DM2.95 from DM2.9425; to FFr 9.8150 from FFr 9.78; to SFr 2.43 from SFr 2.4250; and to Y231.50 from Y230.25.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7876. March average 1.8353. Exchange rate index 146.6 against 142.7 six months ago.

The D-Mark weakened against the dollar in Frankfurt, but the US currency finished below the day's peak, as bearish sentiment continued to undermine confidence.

Dealers were cautious of central bank intervention ahead of the long Easter weekend, and as a result of comments from officials in Japan and West Germany about the dangers of a further dollar decline.

The dollar rose to DM 1.8080 from DM 1.8015 at the Frankfurt close. *The Bundesbank did not* intervene when the dollar was fixed at DM 1.8085, compared with DM 1.8036.

JAPANESE YEN—Trading range against the dollar in 1987 is 158.45 to 141.10. March average 151.41. Exchange rate index 224.4 against 214.9 six months ago.

The yen lost ground to the dollar, as dealers moved to cover short positions after a period of strong downward pressure on the US currency. Apart from support for the dollar from the technical position, there was further intervention by the Bank of Japan.

After falling to a low of Y140.55 the dollar closed at Y141.85 in Tokyo, compared with Y141.50 on Tuesday. Dealers said that expectations of approval from parliament of measures to expand Japanese economic growth also lent support to the dollar, and the situation was further helped when Mr Satoshi Sumita, Governor of the Bank of Japan, said the US Federal Reserve is determined to hal the slide in the value of the dollar.

£ IN NEW YORK

Apr 15	Latest	Previous Close
£ Spot	1.6270-1.6280	1.6355-1.6365
1 month	0.42-0.39 pm	0.43-0.40 pm
3 months	1.15-1.10 pm	1.10-1.07 pm
12 months	3.30-3.20 pm	3.30-3.20 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Apr. 15	Previous
8.30 am	72.1	71.9
9.00 am	72.1	72.0
10.00 am	72.2	71.9
11.00 am	72.1	71.9
Noon	72.2	72.0
1.00 pm	72.1	72.1
2.00 pm	72.1	72.0
3.00 pm	72.1	72.1
4.00 pm	72.1	72.0

CURRENCY RATES

Apr. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79597	0.704760
U.S. Dollar	5.5	1.2925	1.14664
Canadian $	7.35	*	1.51128
Austrian Sch.	4	16.44093	14.6037
Belgian Franc	8	48.4917	43.0307
Danish Krone	7	8.83406	7.83387
Deutsche Mark	3.0	2.3394	2.07772
Neth. Guilder	4½	2.64082	2.34351
French Franc	9½	7.7925	6.91426
Italian Lira	11.5	N/A	1481.46
Yen	[illegible]	[illegible]	[illegible]
Norway Krone	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]
Swedish Krona	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]
Greek Drach.	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

*CS/SDR rate for April 14: 1.70227

CURRENCY MOVEMENTS

April 15	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.1	[illegible]
U.S. Dollar	100.7	[illegible]
Canadian Dollar	[illegible]	[illegible]
Austrian Schilling	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 15	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea (Sth)	1367.40-1379.80	[illegible]
Kuwait	0.44060-0.44120	0.27085-0.27095
Luxembourg	61.00-61.10	37.35-37.45
Malaysia	4.0200-4.0300	2.4750-2.4770
Mexico	1863.85-1887.55	1145.00-1156.00
N. Zealand	2.7870-2.7945	1.7130-1.7160
Saudi Ar.	6.1005-6.1060	3.7495-3.7505
Singapore	3.4715-3.4780	2.1345-2.1365
S. Af. (Cm)	3.2440-3.2650	1.9980-2.0020
S. Af. (Fn)	4.7175-4.8580	2.8985-2.9850
Taiwan	55.40-55.70	33.90-34.00
U.A.E.	5.9758-5.9805	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0307	+1.35	+0.86	±1.5344
Danish Krone	7.85212	7.83387	−0.23	+0.72	±1.6404
German D-Mark	2.05853	2.07772	+0.93	+0.44	±1.0981
French Franc	6.90403	6.91426	+0.15	−0.34	±1.3674
Dutch Guilder	2.31943	2.34351	+1.04	+0.55	±1.5012
Irish Punt	0.768411	0.777650	+1.20	+0.71	±1.6684
Italian Lira	1483.58	1481.46	−0.14	−0.14	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6280-1.6350	1.6325-1.6335	0.42-0.39c pm	2.98	1.16-1.11 pm	2.78
Canada	2.1427-2.1665	2.1620-2.1630	0.50-0.40c pm	2.50	1.20-1.08 pm	2.11
Netherlands	3.31⅞-3.33¾	3.32¾-3.33¾	1⅛-1⅛c pm	4.28	3⅞-3⅞ pm	4.21
Belgium	60.95-61.18	61.00-61.10	38-11c pm	2.85	44-35 pm	2.59
Denmark	11.09¾-11.16	11.12-11.13	⅛ pm-⅛ ore dis	−0.47	1⅞-2⅞ dis	−0.74
Ireland	1.1060-1.1090	1.1030-1.1040	0.13-0.28 p dis	−2.23	0.35-0.65 dis	−1.81
W. Germany	2.94¾-2.95½	2.94½-2.95½	1½-1⅛pf pm	5.85	4⅛-4⅛pm	5.68
Portugal	226.69-228.85	227.85-228.80	62-140c dis	−5.53	244-373 dis	−5.41
Spain	206.20-207.60	207.05-207.45	80-100c dis	−5.21	265-300 dis	−5.45
Italy	2098-2108	2104½-2105½	3 par lire pm	0.86	5-Par pm	0.48
Norway	11.00¾-11.09	11.04¾-11.05¾	3⅞-4½ ore dis	−4.41	13⅞-14 dis	−4.91
France	9.78½-9.82	9.81-9.82	1½-1⅛ c pm	1.60	3⅞-2⅞ pm	1.10
Sweden	10.24½-10.30	10.29½-10.30½	½ par ore pm	0.29	½-⅛ dis	−0.12
Japan	231-232	231-232	1⅛-1⅛y pm	6.16	3⅞-3⅞ pm	5.51
Austria	20.72-20.82	20.79-20.82	10-9gro pm	5.48	28⅞-26⅞ pm	5.34
Switzerland	2.42⅛-2.43½	2.42½-2.43½	1⅞-1⅛c pm	6.48	3⅞-3½ pm	5.97

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 2.03-1.98c pm. 12-month 3.30-3.15c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6200-1.6350	1.6325-1.6335	0.42-0.39c pm	2.98	1.16-1.11pm	2.78
Ireland†	1.4693-1.4790	1.4775-1.4785	0.73-0.68c pm	5.74	1.95-1.80 pm	5.08
Canada	1.3135-1.3255	1.3245-1.3255	0.03-0.06c dis	−0.41	0.17-0.20 dis	−0.56
Netherlands	2.0290-2.0550	2.0365-2.0375	0.23-0.20c pm	1.27	0.79-0.75pm	1.51
Belgium	37.35-37.65	37.35-37.45	1pm-2 c dis	−0.16	4pm-4 dis	−0.21
Denmark	6.77⅞-6.87	6.81-6.81½	1.50-2.20ore dis	−3.25	5.20-5.90 dis	−3.25
W. Germany	1.7958-1.8225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	139½-140¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	126.70-127.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	1287-1300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.55-37.65.

EURO-CURRENCY INTEREST RATES

Apr. 15	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 15	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.339	0.554	1.	78.47	3.327	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.320	7.054	12.74	1000.	42.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.029	1.664	3.006	235.9	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.412	0.672	1.214	95.27	4.039	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.301	0.491	0.887	69.57	2.950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.475	0.776	1.401	110.0	4.663	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.462	0.755	1.364	107.1	4.539	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.638	2.675	4.832	379.2	16.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Confused trading

INTEREST RATES were slightly lower in London yesterday. Conditions in the short term money market were better than expected because funds had not been cleared due to a strike by some civil servants which affected the clearance of VAT payments. Consequently there was some confusion about the *situation* in the money market and the Bank of England was obliged ti alter its forecast several times, eventually being in the position of mopping up *liquidity* and *then providing* late assistance.

Overnight money opened at 9½-9¾ per cent andspent most of the morning at 9-9¼ per cent before easing to 7-8 per cent and then to 9-10 per cent. Late balances were taken as low as 5 per cent before very late demand took rates up to 9 per cent.

UK clearing bank base lending rate 10 per cent since March 18-19

Longer term rates were slightly easier as the pound maintained a steady course. Three-month interbank money finished at 9⅞-9¾ per cent compared with 10-9⅞ per cent. The Bank of England forecast a surplus of around £150m with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £118m and a rise in the note *circulation of £200m.* These were more than offset by Exchequer transactions which added £385m and banks' balances brought forward £85m above target.

Thé forecast was revised to a surplus of around £100m and there was not intervention in the morning.

Once again the forecast was revised, this time to a shortage of around £150m and then again to a surplus of £100m. In the afternoon the Bank sold £90m of bills at 9⅞-9¾ per cent maturing on April 23 but then added £100m of liquidity.

In Frankfurt short term interest rates were firmer despite a higher than expected allocation at the *latest sale and repurchase tender.* The Budeshank injected DM 12.4bn of funds at a fixed rate of 3.80 per cent which was more than the market had been looking for, *given the fact that funds were* expected to percolate back into the system after the payment of DM 6bn of Bundesbank profits to the Government. However some DM 4.8bn was *expected to be lost* because of other repayments and also maturing agreements of DM 15.2bn. In addition there was an undisclosed sum moving out of domestic markets as a direct result of central bank intervention in the foreign exchange market.

In Amsterdam the Dutch central bank accepted bids of Fl 4.9bn at the latest seven-day repurchase facility at a fixed rate of 5.3 per cent. This replaced a maturing agreement of Fl 4.1bn

FT LONDON INTERBANK FIXING

(11.00 a.m. April 15) 3 months U.S. dollars		6 months U.S. dollars	
bid [illegible]	offer [illegible]	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed. funds	[illegible]	Three month	[illegible]
Fed. funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		Three year	[illegible]
		Five year	[illegible]
		Seven year	[illegible]
		10 year	[illegible]
		30 year	[illegible]

Apr. 15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Apr. 15	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three-months [illegible] per cent. Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Treasury Bills: Average tender rate of discount 9.5661 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate [illegible] per cent from April 1, 1987. Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from April 16. Deposits held under Series 5 [illegible] per cent. Deposits withdrawn for cash [illegible] per cent.

FINANCIAL FUTURES

US bonds recover

US BOND PRICES finished firmer on the day *helped by a more* stable dollar and comments by Japanese officials claiming that the US authorities were determined to defend the dollar. This drove prices firmer during the morning. There was also some desire to consolidate after the recent sharp falls, given the proximity of the Easter holidays.

However there was a lack of follow through demand and although values held up, sentiment changed sufficiently after the opening of US markets to push values down quite quickly. Buying at the lower levels saw values fin*ish above the day's lows but still* down at 93-06 for June delivery, up from a low of 93-02 but down from 94-15 at the opening. Nevertheless this was still above Tuesday's close of 92-25.

Once again the market was preoccupied by the performance of the dollar and although the latter showed a steadier performance, there was a general feeling that resumption of trading after the Easter break would see further downward pressure.

Economic data released yesterday included US industrial production, which showed a fall of 0.3 per cent *in March while retail* sales were a modest 0.2 per cent higher.

Long gilt prices finished down on the day. An absence of retail demand and lower US bond prices tended to offset the bullish effect of sterling's strength and further opinion polls suggesting a comfortable Conservative win at the next general election. The June price opened at 123-18 and reached a high of 123-21 before slipping away to a low of 122-08. It closed at 122-08 compared with 122-24 on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	10.17	10.35	0.01	0.19
114	8.18	8.50	0.02	0.34
116	6.24	7.09	0.08	0.57
118	4.38	5.42	0.22	1.26
120	3.04	4.22	0.52	2.06
122	1.45	3.16	1.29	3.00
124	0.58	2.22	2.42	4.06
126	0.26	1.41	4.10	5.25

Estimated volume total, Calls 3,001 Puts 797
Previous day's open int: Calls 23,704 Puts 13,615

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	2.33	3.30	1.27	3.22
94	1.29	2.30	2.17	4.22
96	0.52	1.48	3.40	5.40
98	0.28	1.14	5.16	7.06
100	0.18	0.53	7.06	8.45
102	0.08	0.35	8.60	10.27
104	0.04	0.22	10.65	12.14
106	0.01	0.14	12.53	14.06

Estimated volume total, Calls 396 Puts 89
Previous day's open int: Calls 741 Puts 623

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Apr	Calls-Last May	Puts-Last Apr	Puts-Last May
19250	2.59	5.10	1.59	4.10
19500	1.40	3.90	2.90	5.40
19750	0.66	2.91	4.66	6.91
20000	0.27	2.12	6.77	8.62
20250	0.10	1.51	9.10	10.51
20500	0.03	1.05	11.53	12.35
20750	0.01	0.71	14.01	14.71
21000	0.00	0.46	16.50	16.96

Estimated volume total, Calls 2 Puts 0
Previous day's open int: Calls 331 Puts 284

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 1,326, Puts 1,369

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	Calls—Last May	June	Sept.	Dec.	Puts—Last May	June	Sept.	Dec.
1.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.40

Previous day's open int: Calls N/A Puts N/A
Volume: N/A

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.475	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.525	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.575	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Previous day's open int: Calls 64,681 Puts 52,071
Previous day's volume, Calls 1,868 Puts 2115

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

Strike Price	Calls—Last June	Sept.	Dec.	Mar.	Puts—Last June	Sept.	Dec.	Mar.
[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	—

Previous day's open int: Calls 455, Puts 1,049
Estimated volume, Calls 60, Puts 257

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
June	122-08	123-21	122-06	122-24
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 34,795 (32,446)
Previous day's open int. 25,855 (22,119)

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 4,114 (6,070)
Previous day's open int. 25,480 (24,900)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	192.70
Sept.	[illegible]	[illegible]	[illegible]	197.20

Estimated Volume 1,235 (1,963)
Previous day's open int. 4,049 (3,749)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	92.77
Sept.	[illegible]	[illegible]	[illegible]	92.50
Dec.	[illegible]	[illegible]	[illegible]	92.25
March	[illegible]	[illegible]	[illegible]	92.03
June	[illegible]	[illegible]	[illegible]	91.82
Sept.	[illegible]	[illegible]	[illegible]	91.59
Dec.	[illegible]	[illegible]	[illegible]	91.39
March	[illegible]	[illegible]	[illegible]	91.20

Estimated volume 16,499 (20,346)
Previous day's open int. 27,191 (28,950)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	92-25
Sept.	[illegible]	[illegible]	[illegible]	91-25

Estimated volume 11,816, (13,868)
Previous day's open int. 6,586, (5,347)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
[illegible]	[illegible]	[illegible]	[illegible]	1.6013

IMM—STERLING Se per £

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume 3 (19)
Previous day's open int. 235 (222)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	0.6855	0.6855	0.6825	0.6985
Mar.	0.6890	0.6890	0.6890	0.6955

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	0.7139
Sept.	[illegible]	[illegible]	[illegible]	0.7196
Dec.	[illegible]	[illegible]	[illegible]	0.7256
Mar.	[illegible]	[illegible]	[illegible]	0.7319
June	[illegible]	[illegible]	[illegible]	0.7385

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	0.5597
Sept.	[illegible]	[illegible]	[illegible]	0.5642
Dec.	[illegible]	[illegible]	[illegible]	0.5687

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	92.77
Sept.	[illegible]	[illegible]	[illegible]	92.54
Dec.	[illegible]	[illegible]	[illegible]	92.31
Mar.	[illegible]	[illegible]	[illegible]	92.08
June	[illegible]	[illegible]	[illegible]	91.86
Sept.	[illegible]	[illegible]	[illegible]	91.65
Dec.	[illegible]	[illegible]	[illegible]	91.44
Mar.	[illegible]	[illegible]	[illegible]	91.24

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	280.00
Sept.	[illegible]	[illegible]	[illegible]	281.80
Dec.	286.30	287.90	285.90	283.40
Mar.	287.70	289.50	287.60	284.90

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 15, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London,
New York, Tokyo, San Francisco, Los Angeles, Toronto.

24-hours a day trading capability.

Enquiries: 01-634 4360/5. Dealing 01-236 9861.

ECU=$US1.14526 SDR1=$US1.29109
As of April 15, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	7 1/16	7 1/8
Sibor:	7 1/16	7 3/16

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.626	Papua New Guinea	Kina	0.8933
Albania	Lek	6.2116	Greece	Drachma	133.50	Paraguay	Guarani (o)	240.00
Algeria	Dinar	4.63	Greenland	Danish Krone	6.8388		Guarani (p)	550.00
Andorra	French Franc	6.0365	Grenada	E. Caribbean $	2.70		Guarani (d)	735.50
	Spanish Peseta	127.40	Guadeloupe	Franc	6.0365	Peru	Inti (o) (e) (1)	14.89
Angola	Kwanza	29.918	Guam	U.S. $	1.00		Inti (f)	22.25
Antigua	E. Caribbean $	2.70	Guatemala	Quetzal (o)	1.00		Inti (f) (1)	18.62
Argentina	Austral	1.538		Quetzal (h, f)	2.73	Philippines	Peso	20.51
Aruba	Florin	1.79	Guinea Bissau	Peso	170.479	Pitcairn Islands	N.Z. Dollar	1.7197
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. *U.S. dollars per National Currency unit. (a) Parallel Rate. (o) Official rate. (b) Floating Rate. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rate. (h) Non essential imports. (i) Floating tourist rate. (k) Public Transaction Rate. (l) Agricultural products. (j) Priority Rate. (n) Essential imports. (p) Exports. (1) Peru, 13 March 87: Inti devalued by approx. 2.1%. (2) Kenya, 13 Apr. 87: Shilling devalued against the SDR by approx. 0.6%.

For further information please contact your local branch of the Bank of America.

WORLD MARKETS

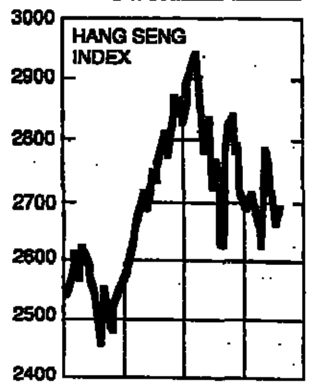
FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

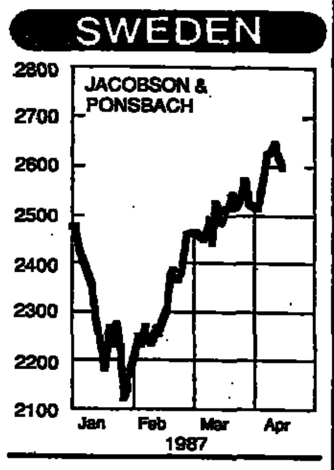
NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 15 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
Australia (94)	133.36	+0.2	121.08	122.23	2.85	133.89	99.92	91.57
Austria (16)	92.69	−0.6	84.16	86.88	2.15	101.62	91.97	81.57
Belgium (47)	117.90	−1.3	107.04	109.32	4.30	120.40	96.19	76.74
Canada (131)	129.44	−0.3	117.52	124.19	2.25	136.17	100.00	100.39
Denmark (39)	113.48	+0.1	103.03	105.15	2.40	124.10	98.18	106.49
France (122)	117.96	+0.5	107.09	111.21	2.36	120.79	98.39	84.14
West Germany (90)	94.06	+2.0	85.39	88.31	2.11	100.33	84.00	93.57
Hong Kong (45)	104.53	−0.7	94.90	104.69	3.28	114.71	96.89	72.12
Ireland (14)	117.02	+1.2	106.24	111.56	3.82	131.44	99.50	91.62
Italy (76)	107.14	+0.6	97.27	103.14	1.59	107.14	94.76	82.89
Japan (458)	152.76	+0.0	138.68	136.87	0.48	152.76	100.00	68.37
Malaysia (36)	145.98	+0.3	132.53	139.20	2.76	145.98	98.24	71.74
Mexico (14)	156.75	+0.9	142.31	197.17	1.03	157.12	99.72	53.33
Netherland (38)	114.69	+0.7	104.13	106.63	4.15	118.24	99.65	87.00
New Zealand (27)	96.85	+0.5	87.93	88.17	3.06	100.59	83.93	64.92
Norway (25)	131.01	+0.1	118.94	120.34	1.97	131.74	100.00	103.52
Singapore (27)	120.73	−0.6	109.61	118.81	2.01	122.51	99.29	56.74
South Africa (61)	186.74	+1.4	169.54	120.07	3.28	186.74	100.00	101.67
Spain (43)	115.43	−0.5	104.80	110.93	3.27	121.31	100.00	75.47
Sweden (33)	117.14	+1.4	106.35	109.38	2.11	117.26	90.85	90.54
Switzerland (51)	97.24	−0.7	88.28	89.73	1.90	104.06	93.26	82.75
United Kingdom (342)	127.20	+0.8	115.48	115.48	3.71	133.88	99.65	99.86
USA (598)	116.67	+2.0	105.93	116.67	3.19	124.06	100.00	101.82
Europe (936)	113.91	+0.7	103.42	105.45	2.99	115.20	99.78	91.94
Pacific Basin (687)	150.23	+0.0	136.39	135.15	0.63	150.23	100.00	69.23
Euro–Pacific (1623)	135.74	+0.3	123.24	123.33	1.42	135.74	100.00	78.17
North America (729)	117.35	+1.9	106.54	117.10	3.13	124.60	100.00	101.75
World Ex. US (1829)	136.07	+0.3	123.54	123.43	1.48	136.07	100.00	79.20
World Ex. UK (2085)	128.62	+0.9	116.78	121.67	1.93	128.62	100.00	86.98
World Ex. So. Af. (2366)	128.12	+0.9	116.31	121.05	2.07	128.12	100.00	87.99
World Ex. Japan (1969)	116.96	+1.4	106.19	113.14	3.08	121.08	100.00	97.50
The World Index (2427)	128.49	+0.9	116.65	121.07	2.08	128.49	100.00	88.07

Base values: Dec 31, 1986 = 100

HONG KONG



SWEDEN



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$390	13	58	—	—	—	—	$444.30
GOLD C	$400	148	46	109	55	8	63	"
GOLD C	$420	968	29.90	508	38.50	—	—	"
GOLD C	$440	1145	14.50	218	28	74	37	"
GOLD C	$460	257	7.50	213	20.30	53	28	"
GOLD C	$480	548	3	—	—	50	19.50	"
GOLD P	$390	—	—	15	2	20	4	"
GOLD P	$400	110	1	22	3	5	68	"
GOLD P	$420	282	2.50	94	8.40	25	11	"
GOLD P	$440	330	8.50	—	—	19	19	"
GOLD P	$460	—	—	10	24.50B	200	28	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	11	130	35	135B	51	150	$720
SILVER C	$650	44	83B	—	—	3	115A	"
SILVER C	$700	98	52A	—	—	28	85A	"
SILVER C	$750	53	30A	88	46A	11	59	"
SILVER C	$800	6	20	—	—	16	40	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.195	240	9.70	—	—	—	—	Fl.204.00
$/Fl C	Fl.205	14	1	7	2.40	10	4	"
$/Fl C	Fl.210	118	0.05	—	—	—	—	"
$/Fl P	Fl.195	—	—	—	—	21	1.10B	"
$/Fl P	Fl.200	111	0.25	50	1.50	69	2.70B	"
$/Fl P	Fl.205	520	1.60	83	3.60	32	4.80	"
$/Fl P	Fl.210	6	5.50	8	7	3	8.20	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.205	—	—	4	7	—	—	Fl.204.00
$/Fl C	Fl.210	—	—	3	5	—	—	"
$/Fl C	Fl.215	510	2.40	—	—	—	—	"
$/Fl P	Fl.190	21	2	—	—	—	—	"
$/Fl P	Fl.195	505	3.25	—	—	—	—	"
$/Fl P	Fl.200	17	4.80B	—	—	—	—	"
$/Fl P	Fl.210	50	10.20	—	—	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.580	1	0.10	—	—	—	—	Fl.516
ABN P	Fl.520	147	8.30	—	—	—	—	"
AEGON C	Fl.90	109	1.90	143	5.50	52	7.50	Fl.91.10
AEGON P	Fl.90	21	0.90	74	4.20	32	6	"
AHOLD C	Fl.110	68	1.40	124	4.70	—	—	Fl.108.20
AHOLD P	Fl.110	99	2	16	5.80	—	—	"
AKZO C	Fl.150	40	0.10	253	1.90	6	3.80	Fl.136.30
AKZO P	Fl.130	29	0.20	472	4.80	18	68	"
AMEV C	Fl.70	13	0.30	263	2.50	34	4	Fl.66.80
AMEV P	Fl.70	1	3.80A	205	6.50	7	7.50	"
AMRO C	Fl.80	401	2.30	185	4.90	2	5.80B	Fl.82.50
AMRO P	Fl.85	556	5.30	19	6.30	12	8	"
ELSEVIER C	Fl.250	57	7	34	16	—	—	Fl.255.50
ELSEVIER P	Fl.240	4	0.30	40	5	7	8	"
GIST-BROC. C	Fl.45	274	1	170	3	31	3.90	Fl.45.70
GIST-BROC. P	Fl.45	78	0.60B	132	3	6	3.60	"
HEINEKEN C	Fl.180	241	2.20	347	6	49	8.50A	Fl.177
HEINEKEN P	Fl.170	91	0.10	15	4	12	6.50	"
HOOGOVENS C	Fl.35	286	1.20	156	3.20	3	4.20	Fl.35.20
HOOGOVENS P	Fl.40	167	4.90	59	6.30	3	8	"
KLM C	Fl.40	81	0.90	622	3.50	197	4.30	Fl.40.30
KLM P	Fl.40	63	0.40	598	2.30	303	3.60	"
NED. LLOYD C	Fl.180	87	1.20	206	5	52	7.50	175
NED. LLOYD P	Fl.170	81	2	16	9.80	23	12.50	"
NAT. NED. C	Fl.75	90	0.70	317	3.70	18	4.80	Fl.73.20
NAT. NED. P	Fl.75	23	1.70	216	5	15	68	"
PHILIPS C	Fl.55	93	0.10	1157	1.90	329	3.30	Fl.51.40
PHILIPS P	Fl.50	154	0.40	326	1.80	175	2.70	"
ROYAL DUTCH C	Fl.250	452	1.20	720	5.80	152	7.50	Fl.242.80
ROYAL DUTCH P	Fl.230	746	0.40	522	5	183	9	"
ROBECO C	Fl.100	—	—	5	2.10B	11	3.50	Fl.99.80
UNILEVER C	Fl.580	348	7.60	238	24.50	90	36	Fl.579.30
UNILEVER P	Fl.580	414	6	116	23.50	6	28B	"

TOTAL VOLUME IN CONTRACTS: 49,396

A=Ask B=Bid C=Call P=Put

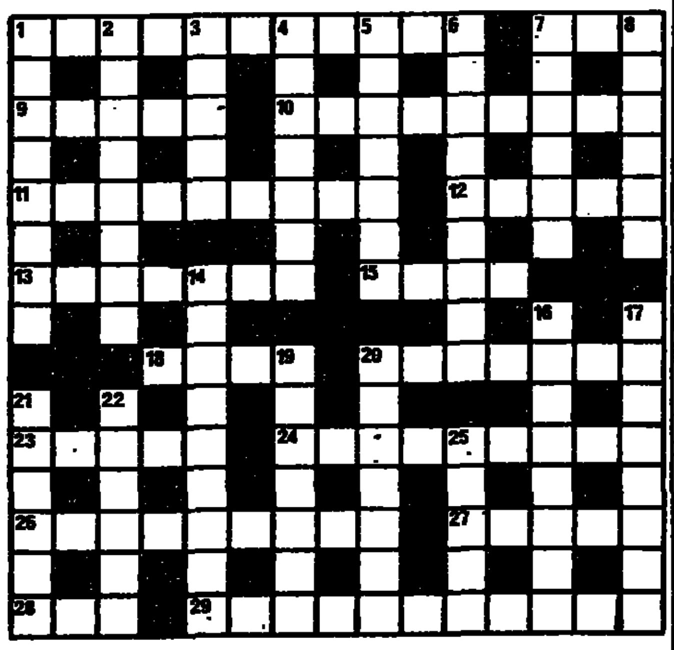
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Nat Credit Corp. Ltd.	10
Allied Arab Bk Ltd.	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	$10\frac{1}{2}$
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	$10\frac{1}{2}$	E. T. Trust	11	Roxburghe G'rantee	$10\frac{1}{2}$
Banco de Bilbao	10	Equator'l Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd	$10\frac{1}{2}$	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Smith & Williamson Secs	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Standard Chartered	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	Trustee Savings Bnk	10
Bank of Ireland	10	● Robert Fleming & Co	10	UDT Mortgage Exp.	¶11.1
Bank of India	10	Robert Fraser & Ptrs	$11\frac{1}{2}$	United Bk of Kuwait	10
Bank of Scotland	10	Grindlays Bank	‡10	United Mizrahi Bank	10
Banque Belge Ltd	10	● Guinness Mahon	10	Unity Trust PLC	$9\frac{1}{2}$
Barclays Bank	10	HFC Trust & Savings	10	Westpac Banking Corp	10
Beneficial Trust Ltd	10	● Hambros Bank	10	Whiteaway Laidlaw	$10\frac{1}{2}$
Beneficial Trust Ltd	11	Heritable & Gen. Tst	10	Yorkshire Bank	10
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,305

GRIFFIN



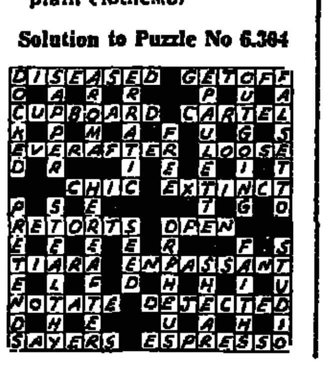
ACROSS

1 Rove round a Hampshire town repeatedly (4, 3, 4)
7 Crowd round doctor outside (3)
9 Drive out of Peel round about ten (5)
10 Mountain climbers working in pairs (9)
11 Infers cornets rust badly inside (9)
12 Doctor takes tea and coffee (5)
13 Patch on big heat and light unit (7)
15 Votes against one's organisation (4)
18 Gateshead supporter's first game (4)
20 It's at the bottom of the letter I called silly (7)
23 American with years of practice (5)
24 50 per cent less income—but men may be resting (9)
26 End strain before it becomes a fag (6, 3)
27 Just grabbing a pound, dash (5)
28 Trifle to end party with (3)
29 A shocking swimmer (8,3)

DOWN

1 Gloomy description of director? (8)
2 Type of piano one uses in next round (8)
3 Distribute a great deal to the audience (5)
4 Failing to fade out last (7)
5 Flesh with no veins showing (7)
6 Advise redhead to come about repair (9)
7 Man in charge harbouring ill-will (6)
8 One undertakes to arrange it (6)
14 Persist when salesman turns critical (9)
16 "Turn away" a foreigner scoffed (8)
17 Rural post a design artist left (8)
19 Right inside broken leg it's cartilage (7)
20 Tap it quietly when in the driver's seat (7)
21 Light yellow film of batter (6)
22 Glen is against a walk (6)
25 Greek character has fit over plain clothes(5)

Solution to Puzzle No 6,304



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	269.5	286.4xd	+0.7	5.05
(Accum Units)	353.8	376.1	+0.8	5.05
UK Growth	332.2	353.3xd	+1.7	2.43
(Accum Units)	353.9	376.4	+1.8	2.43

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	39.4	41.7	+0.1	1.79
MLA Income Trust	53.5	56.7	—	3.96
MLA Int	60.7	64.3xd	—	0.82
MLA Gilt Unit Tst	25.3	26.6	+0.4	10.00
MLA European Trust	35.0	37.1xd	+0.1	0.67
MLA American Tst	26.5	28.0	−0.7	0.89
MLA Emerging Mkts. Tst	23.8	25.2	−0.2	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

CDRF of Int	117.3	122.4xd	—	7.17
Growth Units	96.5	102.5	—	2.42
High Income Unit	135.5	144.0xd	—	[illegible]
High Yielding Gilt Uts	61.3	63.7	—	9.01
Intl Growth Unit Tst	154.3	162.6	—	0.53
UK Smaller Cos.	108.7	115.5	—	1.53
North American	80.7	85.8	—	0.42
Far East	138.5	147.2	—	0.03

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	296.0	314.9xd	—	5.55
General April 13	231.8	246.0xd	—	1.79
International April 13	155.0	164.9xd	—	0.64
Global Inc Fd April 13	48.6	51.7xd	—	5.08

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	162.3	171.7xd	—	4.21

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	294.5	314.4	−3.0	0.98
Income	218.1	232.3xd	+0.2	3.71
Worldwide Recovery	162.5	173.5	−2.1	1.64
American Growth	72.0	76.9	−2.0	0.91
Intl. Emerging Cos.	90.9	97.1	−0.7	0.70
Far East Growth Fd	173.9	192.4	−0.5	0.76
European Growth Fd	64.1	68.5	+0.2	1.03

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	58.0	61.8	−0.7	3.84
Prolific C'vert & Gilt	115.9	123.4	+0.2	4.77
Prolific Euro Gth&Inc	50.8	54.2	−0.3	2.62
Prolific Extra Inc	113.6	121.2	+0.2	3.62
Prolific Far East	208.0	221.4xd	−1.9	—
Prolific High Inc	77.0	82.4xd	+0.2	5.37
Prolific Intl	142.9	152.1	−1.7	2.03
Prolific N. Amer.	130.8	139.9	−2.3	—
Prolific Spec. Sits	93.2	99.7	−0.3	0.85
Prolific Technology	139.0	148.7	−3.5	—

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	96.9	103.1xd	−1.5	0.00
Japan Acc	97.1	103.3	−1.5	0.00
Worldwide Inc	76.2	80.7xd	−0.6	1.11
Worldwide Acc	77.5	82.1	−0.6	1.11
European Tst Inc	94.5	100.6	−0.4	0.34
European Tst Acc	95.2	101.3	−0.4	0.34
North American Inc	62.4	66.4	−1.8	1.28
North American Acc	63.1	67.2	−1.9	1.28
UK Equity Inc	78.6	83.7	+0.6	1.96
UK Equity Acc	92.1	97.4	+0.5	1.96
UK High Inc Eqty Inc	57.7	61.4	+0.1	4.97
UK High Inc Eqty Acc	58.8	62.6	+0.1	4.97
Hong Kong Trust	44.6	47.5	+0.6	0.38
Swiss Equities Trust	44.6	47.5	+0.6	0.38

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

[illegible]

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pensions Funds

American (Cap)	307.4	322.8	-8.5	—
American (Acc)	427.7	449.3	-11.7	—
Building Soc. (Cap)	93.9	98.7	+0.1	—
Building Soc. (Acc)	130.6	137.3	+0.1	—
Deposit (Cap)	154.0	161.8		—
Deposit (Acc)	214.3	225.2	+0.1	—
European (Cap)	139.5	146.6	-0.6	—
European (Acc)	194.2	204.0	-0.8	—
Equity (Cap)	377.4	396.4	...	—
Equity (Acc)	524.7	551.3	...	—
Gilt (Cap)	241.4	253.5	+0.8	—
Gilt (Acc)	335.9	352.9	+1.3	—
Gold (Cap)	117.9	123.9	-0.6	—
Gold (Acc)	164.1	172.4	-0.8	—
Index-Linked (Cap)	94.1	98.9	-1.2	—
Index-Linkd Gilt (Acc)	130.9	137.6	-1.6	—
International (Cap)	107.8	113.3	-0.5	—
International (Acc)	150.0	157.6	-0.7	—
Intnl Inc (Cap)	101.9	108.1	-0.8	—
Intl Inc (Acc)	143.2	150.4	-1.1	—
Japan (Cap)	141.9	149.1	+0.1	—
Japan (Acc)	197.4	207.4	+0.2	—
Managed (Cap)	302.4	317.6	+1.9	—
Managed (Acc)	420.8	442.1	+2.6	—
PPP Fund (Cap)	285.3	299.7	-2.7	—
PPP Fund (Acc)	397.0	416.9	-3.8	—
Pacific (Cap)	258.5	271.5	+1.1	—
Pacific (Acc)	359.4	377.5	+1.6	—
Property (Cap)	132.2	138.9	—	—
Property (Acc)	184.0	193.3	—	—
Recovery (Cap)	182.6	191.8	-2.4	—
Recovery (Acc)	254.0	267.1	-3.2	—
UK Income (Cap)	107.6	113.0	-0.6	—
UK Income (Acc)	149.7	157.2	-0.9	—
Personal Pension (Acc)		1591.5	-14.2	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	210.5	221.6	+0.6	—
Do. Accum	235.3	247.7	+0.7	—
Special Situations	191.3	201.4	+0.1	—
Do. Accum	213.5	224.8	+0.1	—
North American	176.2	185.5	-4.3	—
Do. Accum	196.6	207.0	-4.8	—
Pacific Basin	320.3	337.2	-0.5	—
Do. Accum	357.6	376.5	-0.6	—
Fixed Interest	212.2	223.4	+0.3	—
Do. Accum	237.1	249.6	+0.4	—
Property	117.3	123.5	...	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	183.3	193.0	-5.4	—
Managed Prospect Fund	145.5	153.2	-1.4	—
UK Equity Fd	212.6	223.8	-8.9	—
Fixed Interest	145.7	153.4	-2.7	—
Pacific	184.3	194.0	-2.1	—
North American	114.6	120.7	-2.3	—
Pens. Managed	212.7	223.9	-6.9	—
Pens. UK Equity	248.9	262.1	-11.4	—
Pens. Overseas Equity	291.1	306.5	-6.3	—
Pens. Property	117.0	123.2	+0.1	—
Pens. Fixed Interest	155.5	163.7	-2.8	—
Pens. Index Linked	121.1	127.5	-3.6	—
Pens. Deposit	142.6	150.2	+0.3	—
P.R.P. UK Equity	107.5	113.2	-5.0	—
P.R.P. Overseas Equity	102.9	108.4	-2.3	—
P.R.P. Fixed Interest	105.0	110.6	-1.9	—
P.R.P. Property	96.3	101.3	.....	—
P.R.P. Index Linked	108.7	114.5	-3.2	—
P.R.P. Deposit	97.8	103.0	+0.2	—
P.R.P. Managed	106.0	111.6	-3.4	—
P.R.P. With Profits	98.1	103.3	+0.2	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	132.37	139.33	—	—
Guaranteed Deposit	117.56	123.74	—	—
International	170.56	179.53	—	—
Managed	144.11	151.69	—	—
Property	130.73	137.61	—	—
UK Equities	177.49	186.83	—	—
Pens Fixed Interest	124.28	130.82	—	—
Pens Grtd Deposit	118.06	124.27	—	—
Pens International	186.28	196.08	—	—
Pens Managed	153.08	161.13	—	—
Pens Property	143.27	150.81	—	—
Pens UK Equities	154.93	163.08	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	282.9	297.8	+0.5	—
UK Equity	357.0	375.8	+1.1	—
Overseas Eq.	282.7	297.6	-2.1	—
Americas	232.4	244.7	-4.5	—
Far East	333.8	351.4	-1.0	—
Property	133.5	140.6	+0.1	—
Fixed Int.	207.2	218.2	+2.8	—
Indexed Gilt	118.6	124.9	-0.3	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅛	93½	Funding 6½pc 85-87	99⅞		6.52	12.27
101¼	99⅞	Treas. 10pc 1987	99⅞	+⅛	10.00	9.75
98¾	90⅞	Treas 3pc 1987	98⅝	+⅛	3.03	7.69
104⅝	99⅝	Treas. 12pc 1987	101⅞xd	+⅛	11.84	9.40
99⅞	97⅛	Treas 7¾pc 1985-88‡‡	98⅞	+⅛	7.83	9.16
104	96½	Exch 10½pc '88	101⅛xd	+⅛	10.38	9.33
102⅝	95⅛	Treas 9¾pc Cv '88	100⅛	+⅛	9.72	9.05
95⅞	86½	Transport 3pc '78-88	95¼	-⅛	3.15	7.16
102⅞	97⅛	Treas. 9½pc '88	100⅛xd	+⅛	9.48	9.32
104⅞	100⅞	Treas 11½pc 1989	103⅛	+⅛	11.10	9.33
103⅞	93⅞	Treas 9½pc Cnv 1989	100¼xd	+⅛	9.47	9.29
93⅛	88⅞	Treas 3pc 1989	92⅛xd	+⅛	3.25	7.03
103⅞	99⅛	Treas 10½pc 1989	102⅛	+⅛	10.29	9.40
102⅞	94⅛	Exch 10pc 1989	101⅞	+⅛	9.87	9.36
105⅛	97	Exch 11pc 1989	103⅛	+⅛	10.63	9.35
94⅞	84½	Treas 5pc 1986-89	93⅞		5.35	7.90
107⅝	94⅞	Exch 10¼pcCv '89	104⅞xd	+⅛	9.84	8.41
110⅞	105⅞	Treas 13pc 1990‡‡	109⅛	+⅛	11.92	9.17
108¼	97⅛	Exch 11pc 1990‡‡	104⅛	+⅛	10.54	9.20
115¼	104¼	Exch. 12½pc 1990	108⅛	+⅛	11.55	9.23
89⅞	79⅞	Treas. 3pc 1990	88⅞xd	+⅛	3.38	7.18
99⅛	89⅞	Treas 8¼pc 1987-90‡‡	97⅛	-⅛	8.45	9.10
104	93	Treas. 10pcCv 1990	102⅛xd	+⅛	9.80	9.29
87⅛	76½	Exch 2½pc 1990	86⅛xd	+⅛	2.90	6.87
109⅞	102⅞	Treas 11¾pc 1991	107⅝	+⅛	10.94	9.35
94¼	86⅝	Funding 5¾pc '87-91‡‡	92⅞	-⅛	6.17	7.79
86⅝	79⅞	Treas. 3pc 1991	85¼xd	-⅛	3.51	7.18
109⅞	98⅞	Treas 10pc Cv '91	105⅛		9.51	8.51
110⅞	100⅞	Exch. 11pc 1991	106⅛xd	-⅛	10.37	9.32
118⅞	105⅛	Treas 12¾pc 1992‡‡	113⅛		11.28	9.29
107⅝	97¼	Treas 10pc 1992	102⅝	+⅛	9.75	9.32
		Five to Fifteen Years				
109⅝	99⅛	Treas 10¼pc Cv 1992‡‡	104⅞xd	+⅛	10.05	9.35
117¼	106	Exch. 12¼pc '92	111⅞	+⅛	10.99	9.46
123¼	106½	Exch 13½pc 1992	116⅞	+⅛	11.58	9.50
108	97⅛	Treas 10pc 1993‡‡	102⅞	+⅛	9.72	9.35
120⅝	105½	Treas 12½pc 1993‡‡	114⅛		10.95	9.44
92	78½	Funding 6pc 1993‡‡	91¼	-⅛	6.57	7.72
128¼	114	Treas 13¾pc 1993‡‡	120⅞	+⅛	11.43	9.52
133⅜	118⅞	Treas 14½pc 1994‡‡	125¼	-⅛	11.59	9.43
127¼	108¼	Exch 13½pc 1994	119⅞xd	-⅛	11.26	9.55
106⅝	97⅞	Treas. 10pc Ln. 1994	103⅛	-⅛	9.68	9.35
122¼	105½	Exch. 12½pc 1994	115⅞	-⅛	10.81	9.49
104	86½	Treas 9pc 1994‡‡	99¼xd	+⅛	9.09	9.16
120⅝	106¼	Treas 12pc 1995	113⅞	+⅛	10.55	9.46
81⅞	68⅞	Exch 3pc Gas 90-95	79⅛xd	+⅛	3.78	6.29

BRITISH FUNDS—Contd

1987 High	Low	Stock		Price £	+ or -	Yield (1)	(2)
		Index-Linked	(b)				
129½	115¼	Treas. 2pc '88	(297.1)	129	+⅛	—	2.45
114⅝	99	Do. 2pc '90	(333.9)	112⅛	-⅛	1.33	2.80
96⅝	93⅛	Do. 2pc '92‡‡	(385.8)	94⅛	+⅛	2.29	3.19
128⅛	108¼	Do. 2pc '96	(267.9)	125¼	-⅛	3.15	3.61
111⅝	94½	Do 2½pc '01	(308.8)	108⅛	-⅛	3.38	3.67
110	93⅝	Do. 2½pc '03	(310.7)	106⅞xd	-⅛	3.33	3.64
113⅛	96½	Do. 2pc '06	(274.1)	109⅛	-⅛	3.28	3.59
108	92	Do. 2½pc '09	(310.7)	104⅛xd	-⅛	3.27	3.55
113⅞	96⅛	Do. 2½pc '11	(294.1)	109⅛	-⅛	3.31	3.51
95⅛	85⅞	Do. 2½pc '13	(351.9)	91⅛	-⅛	3.28	3.47
103⅞	92⅞	Do. 2½pc '16	(322.0)	99⅛	-⅞	3.19	3.44
101⅞	85⅛	Do. 2½pc '20	(327.3)	97⅛xd	-⅞	3.19	3.40
86⅞	77¼	Do. 2½pc '24 ‡‡	(385.3)	82¼	-⅛	3.15	3.35

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for August 1986: 385.9 and for March 1987: 100.6 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
116⅛	92⅞	African Dv Bk 11¼Ln 2010	108⅞	+1⅛	10.22	10.13
111	88⅞	Asian Dev Bk 10¼pcLn2009	104¼xd	+1⅛	9.79	9.72
136⅛	111⅞	Australia 13½pc 2010	130⅞	+1⅛	10.35	10.11
119⅞	95⅞	Do. 11¾pcLn2015	112⅞xd	+1⅛	10.08	10.01
117¼	92⅞	Euro Inv Bk 11pc Ln 2002	110¼xd	+1⅛	9.93	9.65
112⅞	91	Do. 10½pc2004	106⅞	+1⅛	9.75	9.63
127¼	108¼	Int-Am Dev Bk 12½pc 2003	121⅛	+1⅛	10.28	9.78
104⅞	84⅞	Do. 9¼pcLn 2015	99⅞xd	+1½	9.76	9.78
95	81	Mlysia 10¼pcLn 2009	92⅞	+½	11.63	11.70
103	93⅛	Malaysia 12¼pc '88	101		12.13	11.34
104⅛	101⅛	NZ 14¼pc 1987	101⅛		14.06	8.79
116⅛	94¼	Do. 11¼pc 2008	110xd	+⅞	10.23	10.08
119⅞	96¼	Do 11½pc 2014	112⅞xd	+⅞	10.19	10.10
135⅞	112⅛	Sweden 13½pc Ln 2010	130½	+1	10.34	10.06
114⅛	92⅞	Do 11pc Ln 2012	109⅞	+1	10.08	10.00
206	88	Utd. Mexican States 16½pc	103⅞	+1½	15.94	13.53

CORPORATION LOANS

1987 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
112⅞	105⅛	Birmingham 13½pc 1989	107⅞	+½	12.60	10.28
120⅛	99⅞	Do. 11½pc 2012	114⅞	+½	10.08	9.981
103⅛	100	Burnley 13pc 1987	100⅞	-⅛	12.98	11.43

1987 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Y'ld Gr's
49	32⅝	NYNEX $1	37⅞	-⅛	$3.48	—	6.0
28	20⅛	PHH	22⅞	-⅛	$1.04	—	3.0
25⅞	19⅞	Pacificorp $3.25	19⅞	-⅛	$2.40	—	7.8
20½	13½	Pacific Telesis $0.10	14⅞	-⅛	$3.04	—	13.2
22	14⅞	Pall Corp. 25c	19⅝	-⅛	34c	—	1.1
57⅞	31½	Pennzoil 83c	46⅝	-⅞	$2.20	—	3.1
28⅞	20⅝	Pillsbury	23⅞	-1⅛	$1.00	—	2.8
36⅞	19¼	Quaker Oats $5	26⅛	-⅛	[illegible]	—	2.0
42	22⅝	RJR Nabisco Inc.	32⅛	-⅞	$1.60	—	3.2
42⅝	26	Rep NY Corpn $5	29⅞	-2⅛	$2.16	—	2.7
17⅛	942p	Rexnord $5	15⅞	-⅛	44c	—	4.7
18⅞	15⅛	Rockwell Intl. $1	16⅛	-⅛	$1.32	—	5.1

Continued on next page

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1. 01-378 2576				
£250-£2,500	8.00	6.02	—	Qtr
£2,500+	10.00	7.53	—	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	9.25	6.75	9.75	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.91	10.00	Qtr
MoneyChq £1000-£5000	9.00	6.79	9.72	Mth
Mrs. Int. Chq. £5,000+	9.25	6.91	10.05	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.47	12.06	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.10	6.84	9.48	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.00	6.75	9.40	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	9.25	6.96	9.84	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	9.50	7.10	10.27	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	9.50	7.15	10.12	Mth
U.S. Dollar	5.625	4.23	5.71	Mth
German Marks	3.50	2.63	3.65	Mth
Swiss Francs	2.50	1.88	2.60	Mth
Japanese Yen	3.50	2.63	3.65	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove 01-580 1422				
Money Market Plus	9.00	7.00	9.90	Mth
For other rates please 'phone our Rateline [illegible]				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	6.69	5.00	7.18	Qtr
£2,500+	9.38	7.00	10.12	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	9.625	7.24	10.19	Qtr
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	9.10	6.84	9.48	Mth

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28 11/16	24½	Sara Lee $1	26⅞	–1	$2.00	—	4.8
10⅝	10 3/16	Saul (B. F.) $1	10¼	–1/16	20c	—	1.2
79	62⅞	Southwestern Bell $1	62⅞	–1½	$6.96	—	7.2
17⅝	15¾	Staley Continental	16⅝	......	80c	—	3.1
44⅝	36¼	Sun Co. Inc. $1	37⅞	–2⅛	$3.00	—	5.1
74	60⅝	TRW Inc. $1¼	61⅝	–½	$3.20	—	3.4
31	26¾	Tenneco $5	27½	–1⅜	$3.04	—	7.2
187½	152½	Do. 10pcLn.Stk. 91-5	185½	......	10%	—	5.5
26⅛	17⅞	Texaco $6.25	18⅞	+⅛	$3.00	—	10.7
57¾	53⅞	Time Inc. $1	52¼	–1½	$1.00	—	1.2
14½	12⅛	Tracor $0.33	12⅛	–⅛	36c	—	1.9
24⅝	20¼	TransAmerica $1	20¼	–½	$1.76	—	5.6
11	967p	Transworld Corp $5	983p	–42	20c	—	1.3
42⅛	29¾	Trinova Corp.	36½	–1⅜	$1.40	—	2.5
18⅛	17½	♥USX $1	16 11/16	–⅛	$1.20	—	4.6
18⅜	17⅛	Union Carbide $1	16 5/16	–⅛	$1.50	—	5.9
31 1/16	29 5/16	Utd. Technologies	29 5/16	–⅛	$1.40	—	3.1
38⅝	30¼	US West$	30¼	–⅛	$3.28	—	7.1
33 7/16	31⅜	♥Woolworth $3½	29 5/16	–1⅛	$1.32	—	2.9

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22½p	21p	♥Abbot Energy Corp.	21p	......	—	—	—
21	10½	♥Amer. Barrick Res.	18⅞	–½	—	—	—
83p	36p	Arrowen	74½p	–½	—	—	—
19⅝	15¼	Bk. Montreal ‖	15¼	–⅛	$2.00	—	6.1
10½	852p	Bk. Nova Scot.‖	852p	–29	72c	—	4.1
20⅝	18⅝	BCE ‖	18⅞	–⅛	$2.40	—	6.1
960p	712p	♥Bow Valley‖	817p	–24	10c	—	0.6
19¾	12¾	♥Brascan‖	17¼	–½	88c	—	2.5
609p	279p	♥Breakwater Res.	582p	–27	—	—	—
[illegible]	[illegible]	Can. Imp. Bk. $2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES—Continued

THIRD MARKET

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelson Group 10p	405	....	3.2	—	1.1	—
35	30	Aberdeen Am Pet 10p	31	....	—	—	—	—
125	110	Allied Ins. Brokers	125		L3.5	2.5	3.9	14.5
60	45	Catalyst Comm. 5p	58	..	—	—	—	—
66	47	Corton Beach 10p	64	–1	—	—	—	31.8
190	102	Emerging Investment	190	...	—	—	—	—
63	31	Eglinton Oil Ir 5p	42		—	—	—	—
41	17	Do. Warrants	26	....	—	—	—	—
29	17	Publishing Hldgs 5p	27	–1	—	—	—	15.6
58	45½	Theme Holdings	51	....	1.0	♦	2.8	♦
138	115	Uad Group	115	...	R4.6	2.5	5.6	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☐ Dealt in under Rule 535(3).
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....	Fin 13% 97/02	£110¼	...
Craig & Rose £1	£154	.....	Arnotts	345	–5
Finlay Pkg. 5p	71	....	CPI Hldgs	57	....
Holt (Jos) 25p	913	....	Carrol Inds.	118	.....
IoM Stm. £1	98	....	Dublin Gas	5	....
			Hall (R. & H.)	100xd	–4
IRISH			Heiton Hldgs.	28	–2
Fund 11¾% 1988	£99½	.....	Irish Ropes	174½	.....
Nat. 9¾% 84/89	£96½	+¼	Unidare	400	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	39	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	38
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	9½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds.	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8

* New time dealings may take place from 9.00 am two business days earlier.

Technical rally lifts equities but Government bonds turn down after firm opening

The UK securities markets joined in the general rally in global trading centres yesterday but only the equity sector managed to hold on to its early gains. London was poised for a technical rally after the dollar and the New York bond and equity sectors had steadied as news of the increased US trade deficit was absorbed. But UK Government bonds abandoned their initial improvement as first the US currency and then the US bond market topped off.

The FT-SE 100 index closed a net 13.3 up at 1922.2, and the FT ordinary 8.4 higher at 1515.1.

These gains were little changed from those registered in the first half hour, when the market opened bullishly, responding both to the dollar's improvement and to another UK opinion poll favourable to the Thatcher Government's election prospects.

By mid-session, when the latest UK employment statistics were also encouraging market sentiment, the FT-SE showed a gain of 31 points. But buying interest was disappointingly thin, with much of the activity in Alpha stocks reflecting inter-dealer trading.

The market closed cautiously after Cable & Wireless had reported the apparent failure of its telecommunications negotiations in Japan—an ominous curtain-raiser to tomorrow's (Friday) deadline for the imposition of US tariffs against some Japanese electrical goods.

There were some bright features, however. Oil stocks moved up on US support, with some investors taking the view that the recent shakeout has been overdone, and that currency worries are a plus for oil shares.

British Airways found a London buyer, willing to absorb last week's selling by US investors. There was a sharp rise in Wellcome on rumours or renewed Japanese interest.

But the Government bond market had a disappointing session. At best, prices were ahead by a full point at the longer end. But some sellers then appeared and prices turned back swiftly, with the Liffe futures contract setting the pace. By the end of the day, losses of ½ points were showing among the 20-year issues.

Turnover in Gilts was not heavy, but the mood remained very cautious. On the domestic front, the market wants to have a date announced for the UK elections, while on the international front the outlook for the dollar and for US interest rates remains uncertain. Some analysts are already suggesting that British and US bond yields could cross, with the US rates moving above London's if action is needed to protect the dollar.

News that Argentina and its leading commercial bank creditors have agreed key elements of a £19.6bn debt rescheduling and new loan package helped the major clearers regain composure after recent depression that has stemmed from worries about the Latin American debt situation. Closing levels were a shade below the day's best, but NatWest ended the session 28 to the good at 568p. Midland recovered 17 at 585p, after 588p, while Barclays firmed 18 at 503p and Lloyds 12 to 453p. Elsewhere, Guinness Peat shrugged aside reports that two key executives—Messrs Bruce Ursell and Malcolm Wilde—were about to resign from the group and moved up 5 to 106p on speculative buying fuelled by hopes of a bid from Equiticorp, the New Zealand investment concern which recently bought a 26 per cent stake in the company. Hopes that the appointment of Mr John Craven as group chief executive would be confirmed shortly induced good support of Morgan Grenfell which moved up 9 to 375p, while Hill Samuel continued to reflect a Financial Times report that Mr Robert Holmes à Court had built up a 3 per cent stake in the company and closed a further 5 better at 490p.

Comment on the possibility of a price war in the US further depressed Royals with over 30 per cent of worldwide premiums in US commercial lines and the close was 16 down at 885p. Commercial Union softened 3 pence to 310p as did GRE to 880p. Elsewhere, Sun Life moved up ⅜ to £11¼ in response to Press comment and Pearl hardened a few pence to 365p following the results.

Epwin, a supplier of made to order replacement windows, staged a highly successful debut in the Unlisted Securities Market; the shares, placed at 155p, opened at 170p and touched 181p prior to closing at 180p.

Breweries were highlighted by Vaux which moved up 14 to 574p, and Bass Charrington, 12 better at 856p while Allied Lyons put on 3 to 367p.

Revived demand following the completion of a major European purchase lifted BPB Industries 27 to 647p, while further buying interest in the wake of the satisfactory annual results and proposed 100 per cent scrip issue boosted RMC 7 to 785p. Blue Circle picked up 4 at 790p and Tarmac improved a similar amount to 477p. Comment on the annual results sparked support for Taylor Woodrow, finally 16 higher at 348p, but the absence of any worthwhile support saw Costain drift back 14 to 516p. Walter Lawrence firmed 7 to 132p in response to the good annual results and confident statement, while Baldwin rose 20 to 155p reflecting demand in a restricted market. Among Timbers, Magnet and Southerns were a firm market at 314p, up 14.

FINANCIAL TIMES STOCK INDICES

	Apr. 15	Apr. 14	Apr. 13	Apr. 10	Apr. 9	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	89.89	89.95†	89.89	89.68	90.55	93.50	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.55	96.13	96.31	96.97	97.11	96.77	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,515.1	1,506.7	1,512.4	1,523.8	1,546.2	1,379.4	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	479.9	485.0	483.8	470.4	441.2	282.9	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.93	3.93	3.88	3.83	3.78	3.89				
Earnings Yld.% (full)	8.80	8.86	8.82	8.73	8.60	9.51				
P/E Ratio (net) (*)	14.05	13.95	14.02	14.16	14.37	12.97				
SEAQ Bargains (5 pm)	34,700	45,627	39,835	39,100	38,009	—				
Equity Turnover (£m)	—	1,362.83	1,099.84	1,508.77	1,433.69	1,228.01				
Equity Bargains	—	48,687	48,212	47,384	49,989	34,423				
Shares Traded (ml)	—	500.9	442.5	510.2	—	453.2				

S.E. ACTIVITY

Indices	April 14	April 11
Gilt Edged Bargains	160.9	134.6
Equity Bargains	315.5	312.4
Equity Value	2,754.6	2,223.1
5-Day Average		
Gilt Edged Bargains	139.9	136.8
Equity Bargains	321.8	330.0
Equity Value	2,72499	2,702.9

♥ Opening 1519.6 | 10 a.m. 1525.6 | 11 a.m. 1520.0 | Noon 1523.6 | 1 p.m. 1524.8 | 2 p.m. 1526.0 | 3 p.m. 1528.3 | 4 p.m. 1521.0

Day's High 1529.8. Day's Low 1515.1 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.52. †Corrected

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Laporte rose 9 to 484p following details of annual profits at the top of market estimates, while Anchor Chemical hardened 3 to 311p after revealing satisfactory preliminary figures.

Leading Stores staged a technical rally. Storehouse firmed 3 to 286p and Next put on 4 at 313p. Elsewhere, Martin Ford gained 5 to 92p following Press comment. A. Goldberg put on 5 at 143p and W. H. Smith "A" added 3 at 315p. Ladies Pride, on the other hand, lost 6 to 83p on profit-taking.

Cable and Wireless reacted from an initial firm level of 357p to close a net 6 lower on balance at 347p following reports that talks with Japan regarding the group's proposed entry into its telecommunications industry had broken down. Other Electrical leaders were mixed with STC closing 4 higher at 255p on revived bid hopes and Plessey a couple of pence dearer at 234p in reply to a Wood Mackenzie recommendation. Racal, however, reflected publicity given to a Philips and Drew profits downgrading with a fall of 4 to 214p. Elsewhere, International Signal and Control moved up 5 to 260p following a broker's comment, while Holmes Protection hardened a penny to 178p on talk of an imminent bid from Racal. Speculative support lifted Electronic Machine 12 to 98p, while Chloride revived with a gain of 5 at 79½p.

Among the occasional movements in the Engineering sector, McKechnie firmed 4 to 283p on the preliminary figures, while Babcock improved a similar amount to 184p on the acquisition of Matthews Conveyor of the US for £23.9m. USM quoted Atlas Converting Equipment advanced 9 to 210p on the good annual results and W. A. Tyzack hardened 3 to 116p following the announcement that Gild Investments has increased its stake in the company.

Cadbury Schweppes were a firm market and closed 2½ higher at 232p following the company's revelation that confectionery sales are currently booming. Rowntree Mackintosh firmed 4 to 472p in sympathy. Northern Foods attracted good support at 303p, up 11, while Unigate added 2 to 365p. Albert Fisher put on 6 to 238p in reply to the excellent annual results and proposed one-for-two scrip issue. Bensons Crisps were 7 up at 86p and J. E. England 10 higher at 125p in restricted markets.

Grand Metropolitan were boosted by news of the boardroom changes and closed 13 higher at 482p. Ladbroke firmed 5 to 416p following the successful placing of the rump of the rights issue, while Trusthouse Forte picked up 2 at 227p. Savoy A rose 18 to 417p after comment on the results.

Leading miscellaneous industrials failed to hold their best levels. Beecham closed a few pence below the best with a gain of 9 at 489p, after 492p, while BOC settled 6 dearer at 430p, after 434p. Glaxo became a better market at £14¼, up ⅛. Pilkington, helped by news of the Ministry of Defence contract valued at £17m, advanced 21 to 770p. Elsewhere, satisfactory interim figures left Smiths Industries 9 better at 299p, after touching 304p at one stage. Speculative demand revived in Pacific Sales which put on 25 to 230p and A. J. Worthington, 5 dearer at 46p. A single buyer was mainly responsible for a sharp gain of 36 to 669p in Rank Organisation. Among the anti/Aids related stocks, Wellcome responded to Japanese demand with a rise of 17 at 424p, while London International settled below the best with an improvement of 3 at 301p. Acquisition news left Whitecroft 7 to the good at 298p. Redfearn Glass came to the fore with a gain of 28 at 543p; Mr Ron Brierly has a sizable stake in the company. Extel, in contrast, fell 14 to 449p on details of the tender offer by Pergamon Media Trust to sell its 26.4 per cent stake in the former. Morgan Crucible firmed 8 to 326p on the formation of a joint venture company with Toshiba Ceramics to manufacture thermal ceramic products for use in the continuous casting of steel, while Avis Europe responded to satisfactory preliminary figures with a rise of 15 to 292p.

TV-am attracted support ahead of next Tuesday's annual results and closed 10 higher at 350p. WSL settled a penny cheaper at 202p following a recommended offer from Granada.

Newspapers were noteworthy for a fresh reaction of 15 to 463p in Home Counties. Elsewhere, Barham Group improved 6 to 175p in belated response to the preliminary figures, while further consideration of the proposed acquisition of The Riverside Press, a privately owned magazine printers, prompted a gain of 28 to 623p in St Ives.

Leading Properties took the previous day's gains a useful stage further before closing a shade below the best. Land Securities settled 7 higher at 392p, after 394p, while MEPC closed 7 higher at 371p, after 372p. Hammerson A finished 5 up at 480p, while British Land hardened a couple of pence to 193p. Secondary issues were featured by Laing Properties which closed 18 higher at 382p reflecting revived institutional demand. Priest Marians shed 10 to 310p following details of the company's proposed £29.5m fund raising exercise via an issue of Convertible Unsecured Loan Stock.

Textile leaders moved higher on technical considerations. Courtaulds featured with a gain of 10½ at 408½ and John Crowther added 7½ at 207½.

Among Financial Trusts, Silvermines remained a poor market on the annual loss and reacted 8 further to 100p, but interest revived in Argyle which rallied 12 to 173p.

Better-than-expected stocks figuresreleased overnight by the American Petroleum Institute, the strong late rally on Wall Street and persistent bear closing purchases gave a major boost to the oil sector. BP were again outstanding and advanced to 874p before closing a net 16 firmer at 865p following the buy signal from BZW. British Gas, recommended by the same firm, were finally 91½p, after a turnover of 14m shares. Other oils featured Britoil, 8½ higher at 241p, Enterprise, 9½ up at 233p and Ultramar 8 to the good at 222p. Bid speculation boosted Premier 2 to 48½p while the recent progress report helped Triton rise 2 more to 158p, after 160p.

McLeod Russel, still reflecting the plans to sell 80 per cent of its tea interests in India to Mendip, a company belonging to a consortium of European investors, advanced 10 more to 398p.

Mining markets staged a general retreat for the first time in eight trading sessions. The downturn followed a better performance by the recently-beleaguered dollar which in turn saw bullion turn back from its best levels yesterday. Bullion was quoted above $450 an ounce for a brief period but subsequently ran back to end the session only a dollar firmer at $443.75.

The gradual decline in gold encouraged a spate of profit-taking from numerous substantial, and share prices in anything were tending to harden after-hours on the appearance of small-scale American interest.

The Gold Mines index gave up 5.1 to 479.9. In the leaders Winkelhaak dropped almost a point to £20 and Libanon ½ to £19¼, while Buffels dipped ¼ to £15¾ and Harmony a like amount to £10.

Financials mirrored Golds. South Africa's De Beers dipped back 5 to 860p, Anglo American Corporation settled ¼ off at £16 and Gold Fields of South Africa fell ⅜ to £15.

UK-Financials were persistently sold ahead of the long weekend. Rio Tinto-Zinc fell 12 to 908p and Consolidated Gold Fields dipped ⅛ to £10. Greenwich Resources settled 10 lower at 270p. Elsewhere, Clogau Gold edged up a penny more to 30½p.

A number of the recent high-fliers in the Australian gold mining sector were given a mauling. Sons of Gwalia dropped 50 to 695p following news of the placement of 1m shares at A$16 a share to clients of Australian brokers Ord Minnet and J. B. Were. Poseidon slumped 25 more to 643p—for a two-day fall of 80—and Metana dipped 13 to 705p. Elsewhere, Pancontinental were 7 cheaper at 152p and Thames Mining gave up 5 to 59p. Western Mining, a strong market since news of the sale of its stake in ACM for a substantial profit, retreated 10 to 451p.

Traditional Options

- First dealings April 13
- Last dealings May 1
- Last declaration July 23
- For Settlement Aug 3

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Greenwich Resources, MY Holdings, Morgan Grenfell, Southern Ventures, Ultramar, Helene of London, Marley, Bula Resources, Sound Diffusion, J. Crowther, Stone International, Fisons, Saatchi, Argyle Group, Johnson and Firth Brown, Ennex, Mitchel Somers, Ashley Industrial Trust, Dares Estates, Dinkie Heel, London Securities, Legal and General, Bristol Channel Ship Repairers and Samson. Ultramar were dealt in for the put, but no double options were reported.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (81)

CANADIANS (3), BANKS (2), BREWERS (3), BUILDINGS (3), STORES (3), ELECTRICALS (6), ENGINEERING (3), FOODS (2), HOTELS (2), INDUSTRIALS (18), INSURANCE (2), MOTORS (2), NEWSPAPERS (2), PAPER (3), PROPERTY (8), SOUTH AFRICANS (1), TEXTILES (2), TRUSTS (8), OILS (3), OVERSEAS TRADERS (2), PLANTATIONS (2), MINES (9).

NEW LOWS (81)

AMERICANS (43), CANADIANS (3), BANKS (2), CHEMICALS (2), STORES (3), ELECTRICALS (3), FOODS (1), INDUSTRIALS (8), INSURANCE (8), MOTORS (1), PAPER (3), PROPERTY (1), SHIPPING (1), TRUSTS (2).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,100	144	+1	Imp. Cont. Gas	531	733	—
Allied Lyons	1,700	367	+3	Jaguar	2,400	545	−7
Amstrad	1,800	175½	−1½	Ladbroke	875	416	+5
Assoc. Brit. Foods	354	339	+1	Land Securities	2,700	392	+7
Argyll Group	770	399	—	Legal & Gen.	1,200	270	+1
BAT	3,100	492½	+3½	Lloyds Bank	1,100	453	+12
BET	806	241	—	Lonrho	1,363	289	+½
BOC	460	430	+6	MEPC	1,500	371	+7
BPB Inds	843	647	+27	Marks & Spncr	5,000	207	−2
BPCC	63	307½	−½	Midland Bank	1,400	585	+17
BTR	2,900	298	+5	NatWest Bank	2,600	568	+28
Barclays	1,200	503	+18	Pearson	449	609	−1
Bass	897	856	+12	P & O	277	587	−1
Beecham	2,400	489	+9	Pilkington Bros	1,000	770	+21
Blue Circle	887	790	+4	Plessey	1,900	234	+2
Boots	3,500	277½	−1½	Prudential	935	813	+5
Brit. Airways	10,950	135	—	Racal	4,200	214	−4
Brit. Aero	1,300	632	−5	Rank Org	826	669	+36
Brit. & Comm.	771	433	+4	RHM	1,600	309	−1
Brit. Gas	13,550	91½	—	Reckitt & Col	72	927	+4
Britoil	2,800	243	+8½	Redland	173	426	+1
BP	4,100	865	+16	Reed Intl	705	378	—
Brit. Telecom	6,800	238	—	Reuters	1,400	669	−3½
Bunzl	317	214	—	RMC	318	785	+7
Burton	6,300	277	−4	RTZ	1,100	909	−11
Cable & Wire	5,800	347	−6	Rowntree Mac	1,600	472	+4
Cadbury Schwps	4,000	232	+2½	Ryl Bank Scotland	486	310	+1
Coats Viyella	353	554½	+2½	Royal Insurance	3,600	885	−16
Comm. Union	3,600	310	−3	STC	4,100	255	+4
Cons. Gold	1,700	£10	−⅛	Saatchi & Saatchi	481	656	+2
Cookson	470	598	−1	Sainsbury	1,700	469	+8
Courtaulds	1,700	408½	+10½	Sears	5,000	128¾	−½
Dee Corpn	2,600	220	−1	Sedgwick	1,100	290	—
Dixons Grp	1,600	363	+4	Shell Trans	4,900	£11⅞	+⅛
English China Clays	291	387	—	Smith & Nephew	2,300	150½	+4
Fisons	374	587	+2	Standard Chart	136	838	—
Gen. Accident	392	930	+5	Storehouse	1,600	286	+3
Gen. Elect.	9,000	192	−½	Sun Alliance	1,600	830	+10
Glaxo	2,200	£14¼	+⅛	TSB	4,900	81	+½
Globe Investment	878	148½	+1	Tarmac	710	477	+5
Granada	1,400	306	−6	Tesco	592	478	+4
Grand Met	6,800	482	+13	Thorn EMI	1,100	643	+2
Gus "A"	236	£11⅞	+⅛	Trafalgar House	631	314	+1
Guardian R.E.	61	880	−2	T'house Forte	1,500	227	+2
GKN	293	308½	−1	Unigate	560	365	+2
Guinness	2,600	320	−2	Unilever	122	£26½	—
Hanson Trust	5,400	152	−½	United Biscuits	4,700	265	+5
Hawker Sidd	3,600	490	−3	Wellcome	2,608	424	+17
Hillsdown Hlgs	1,500	272	+1	Whitbread "A"	742	308	+4
ICI	1,700	£12⅝	−⅛	Woolworth	1,100	762	+1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	16	6
Corporations, Dominion and Foreign Bonds	19	4	45
Industrials	558	344	641
Financial and Properties	221	113	251
Oils	33	21	58
Plantations	3	3	8
Mines	33	64	84
Others	25	130	61
Totals	983	695	1,154

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Apr 15 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tues April 14 Index No.	Mon April 13 Index No.	Fri April 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	818.36	+0.6	7.88	3.32	16.08	5.40	813.37	817.62	825.20	718.08
2	Building Materials (27)	1004.49	+1.5	7.91	3.40	15.89	2.88	989.57	998.02	1005.81	798.49
3	Contracting, Construction (30)	1360.87	+1.0	7.57	3.64	18.11	5.78	1348.01	1362.02	1373.83	1151.80
4	Electricals (12)	2063.04	+0.5	7.07	3.94	18.18	11.16	2053.67	2061.16	2072.36	2061.86
5	Electronics (36)	1824.56	—	8.23	2.47	15.99	10.93	1825.28	1839.60	1847.79	1653.44
6	Mechanical Engineering (59)	463.90	+0.4	8.53	3.83	14.99	3.88	462.06	464.67	469.50	407.27
8	Metals and Metal Forming (7)	445.49	+0.5	8.13	3.57	14.93	2.74	443.47	444.89	448.72	343.80
9	Motors (16)	318.82	−0.2	9.85	3.41	12.79	2.96	319.35	322.18	325.89	291.15
10	Other Industrial Materials (20)	1391.45	+1.0	6.50	3.61	18.47	14.43	1378.19	1369.92	1393.24	1294.00
21	CONSUMER GROUP (188)	1126.19	+0.7	6.61	2.91	19.47	4.12	1117.99	1120.32	1132.02	937.12
22	Brewers and Distillers (22)	1045.38	+1.1	8.19	3.32	15.36	3.69	1033.70	1030.69	1034.26	937.02
25	Food Manufacturing (26)	864.58	+0.5	8.02	3.51	16.41	7.32	860.17	863.01	870.62	691.49
26	Food Retailing (16)	2079.05	+0.7	6.15	2.67	22.42	18.45	2064.11	2071.28	2083.96	1944.03
27	Health and Household Products (10)	2149.54	+1.6	4.42	1.86	26.24	2.04	2115.79	2129.62	2192.18	1606.52
29	Leisure (32)	1227.54	+0.5	6.16	3.52	21.47	9.19	1221.40	1225.17	1235.70	927.75
31	Packaging & Paper (15)	584.73	+0.4	6.06	2.90	21.18	2.30	582.50	588.32	591.51	453.02
32	Publishing & Printing (14)	3427.00	+0.5	6.19	3.40	20.74	8.38	3410.79	3432.67	3448.61	2356.88
34	Stores (37)	945.01	−0.1	6.97	2.91	19.51	1.69	946.29	944.01	946.32	894.22
35	Textiles (16)	671.40	+1.5	8.03	3.20	14.29	0.44	661.25	660.37	670.13	544.17
40	OTHER GROUPS (88)	933.75	+0.1	8.55	3.68	14.56	7.19	932.56	940.16	951.70	809.47
41	Agencies (17)	1378.75	+0.2	4.96	1.83	27.11	7.12	1376.14	1389.69	1396.88	0.0
42	Chemicals (21)	1186.40	+0.1	8.19	3.75	14.97	16.56	1185.50	1191.72	1200.69	905.62
43	Conglomerates (12)	1204.98	−0.1	7.47	3.61	15.76	4.04	1206.49	1214.83	1228.90	0.0
45	Shipping and Transport (11)	1912.26	+0.3	7.83	4.27	16.10	21.76	1907.37	1899.67	1918.60	1626.44
47	Telephone Networks (2)	932.61	−0.3	10.03	4.13	13.60	1.89	935.81	951.62	963.66	956.70
48	Miscellaneous (25)	1276.12	+1.0	9.45	3.53	11.93	16.87	1263.83	1268.95	1295.96	987.02
49	INDUSTRIAL GROUP (483)	1005.82	+0.5	7.45	3.22	17.03	5.52	1000.42	1004.93	1015.63	857.67
51	Oil & Gas (17)	1800.55	+1.2	7.94	4.94	16.45	35.84	1779.72	1784.15	1800.45	1197.74
59	500 SHARE INDEX (500)	1073.14	+0.6	7.52	3.47	16.94	8.17	1066.40	1070.90	1082.06	888.28
61	FINANCIAL GROUP (118)	669.66	+1.3	—	4.46	—	8.42	660.90	665.70	673.79	619.74
62	Banks (8)	704.42	+2.8	20.06	5.43	6.60	14.36	685.07	693.67	705.95	674.62
65	Insurance (Life) (9)	929.32	+1.0	—	4.66	—	16.09	919.94	929.82	936.90	892.87
66	Insurance (Composite) (7)	524.03	−0.3	—	4.79	—	5.09	525.54	530.33	533.66	516.31
67	Insurance (Brokers) (9)	1099.66	+0.9	9.74	4.98	13.28	13.84	1089.71	1105.89	1135.04	1202.17
68	Merchant Banks (11)	364.95	+1.2	—	3.53	—	2.88	360.49	361.12	365.41	365.27
69	Property (47)	937.45	+1.0	4.84	3.18	26.94	2.76	928.05	923.94	933.07	739.28
70	Other Financial (27)	446.25	+0.7	7.40	3.48	17.20	3.04	443.33	445.74	449.53	355.70
71	Investment Trusts (95)	948.40	+0.3	—	2.51	—	5.01	945.80	946.35	953.62	747.00
81	Mining Finance (2)	468.90	−1.5	6.53	3.64	18.00	1.89	475.90	478.87	471.28	303.75
91	Overseas Traders (11)	920.29	+0.6	8.87	4.89	13.66	18.30	914.60	911.65	916.15	683.11
99	ALL-SHARE INDEX (726)	966.98	+0.7	—	3.59	—	7.96	960.35	964.66	974.45	809.22

	Index No.	Day's Change	Day's High	Day's Low	April 14	April 13	April 10	April 9	April 8	Year ago
FT-SE 100 SHARE INDEX ♣	1922.2	+13.3	1940.7	1922.2	1908.9	1917.1	1936.7	1962.8	1976.7	1654.8

FIXED INTEREST

	PRICE INDICES	Wed April 15	Day's change %	Tues April 14	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	122.89	+0.09	122.81	0.02	3.64
2	5-15 years	141.36	+0.03	141.67	0.35	4.75
3	Over 15 years	149.84	−0.41	150.45	—	4.78
4	Irredeemables	166.54	−0.17	166.82	—	1.62
5	All stocks	137.74	−0.03	137.97	0.18	4.39
	Index-Linked					
6	5 years	118.24	−0.10	118.36	—	0.83
7	Over 5 years	118.92	−0.24	119.20	—	1.17
8	All stocks	118.65	−0.23	118.92	—	1.13
9	Debentures & Loans	124.82	+0.89	122.92	—	2.80
10	Preference	87.14	+0.10	87.06	—	1.94

	AVERAGE GROSS REDEMPTION YIELDS		Wed April 15	Tues April 14	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.23	8.25	7.81
2		15 years	9.10	9.08	8.50
3		25 years	9.12	9.10	8.50
4	Medium Coupons	5 years	9.29	9.29	8.93
5		15 years	9.32	9.29	8.86
6		25 years	9.32	9.29	8.80
7	High Coupons	5 years	9.41	9.45	9.00
8		15 years	9.43	9.42	8.98
9		25 years	9.23	9.19	8.96
10	Irredeemables†		9.11	9.09	8.55
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.13	3.10	3.57
12	Inflat'n rate 5%	Over 5 yrs	3.53	3.51	3.53
13	Inflat'n rate 10%	5 yrs	2.54	2.51	2.54
14	Inflat'n rate 10%	Over 5 yrs	3.40	3.39	3.38
15	Debs & Loans	5 years	10.05	10.08	10.11
16		15 years	10.16	10.28	9.98
17		25 years	10.19	10.32	9.85
18	Preference†		10.71	10.72	11.22

♣ Opening index 1926.0; 10 am 1933.2; 11 am 1928.3; Noon 1932.8; 1 pm 1934.2; 2 pm 1935.5; 3 pm 1937.5; 3.30 pm 1928.5; 4 pm 1927.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*369)	330	40	48	60	1	7	13
	360	12	28	40	4	19	26
	390	3½	15	25	25	35	40
	420	0½	7	15	55	60	65
Brit. Airways (*135)	100	36	37	39	0½	1	3
	110	26	27	30	0½	1½	5½
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*322)	260	65	75	—	1	4	—
	280	45	55	65	3	12	13
	300	32	48	50	6	18	22
	330	14	23	33	23	35	35
Ladbroke (*419)	343	80	85	—	1	2	—
	373	50	55	—	2	5	—
[illegible]							

April 15. Total Contracts 33,680. Calls 20,999. Puts 12,681. FT-SE Index, Calls 20,999 Puts 12,681. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	173	......	u2.13	3.6	1.7	22.6
§180	F.P.	15/5	201	189	Airtours10p	190	+1	R5.4	2.5	4.0	13.8
§215	F.P.	—	380	272	Barbour Index	358	−2	R4.0	3.1	1.6	29.2
§115	F.P.	—	138	133	Brook Service Group	136	+3	L3.8	2.2	3.8	14.9
§80	F.P.	8/5	170	150	♦Burford Group	165	+2	a1.2	3.2	1.0	42.5
130	F.P.	8/5	135	129	Cambridge Instru. 5p	129	−1	R0.7	8.8	0.8	14.6
§200	F.P.	11/5	226	211	Castle Comms. 5p	216	......	87.0	2.2	4.6	13.8
§125	F.P.	29/5	153	143	Cundell Group 10p	150	......	W3.19	3.1	3.0	15.4
§155	F.P.	—	181	170	♦Epwin Group 10p	180	......	L4.0	2.6	3.0	17.6
§120	F.P.	—	170	160	♦Filofax 5p	163	+3	u2.7	2.8	2.3	21.5
§125	F.P.	—	137	130	♦Forward Group 5p	130	......	U2.2	3.2	2.4	17.4
§250	F.P.	8/4	375	315	Hobsons Publishing 5p	375	......	U6.25	2.2	2.3	27.7
§112	F.P.	1/5	129	123	♦Honeysuckle Gr'p 2p	123	......	R4.1	2.5	4.6	12.0
‖	F.P.	—	£12½	£11¼	Huntingdon Int. 5p	£12¼	......	—	—	—	10.8
§115	F.P.	16/4	146	125	♦JSB Electrical 20p	125	−1	L2.9	2.8	3.2	15.2
§120	F.P.	24/4	211	186	Mallett 5p	186	−2	a3.0	3.1	2.3	19.9
§120	F.P.	—	127	123	♦March Group 5p	123	......	L4.2	2.4	4.6	12.4
§114	F.P.	8/5	127	114	Melville Street Inv.	126	......	1.4	1.2	1.6	—
—	—	—	35	25	Do Warrants	35	......	—	—	—	—
225	F.P.	24/4	342	225	Mercury Asset Mgmt. 5p	295	−1	R5.0	4.0	2.4	14.8
§95	F.P.	—	135	108	♦Misys 5p	128	......	R2.0	3.7	2.2	17.3
§106	F.P.	—	110	103	♦Orchid Technology‖	104	+1	R02.57c	5.2	1.6	12.0
§180	F.P.	1/5	198	180	Perpetual 10p	188	......	u2.5	4.5	1.9	16.2
120	F.P.	26/3	155	127	♦Prism Leisure Corp 10p	136	+1	R4.26	2.25	4.4	12.8
§95	F.P.	10/4	102	97	RCO 10p	100	......	L3.91	2.1	5.5	12.2
§20	F.P.	3/4	46	27	♦Regina Health 2p	42	......	0.28	4.1	0.9	38.7
§140	F.P.	1/5	181	163	♦Reliance Sec. Group 5p	168	+2	b4.5	2.5	3.8	15.1
§100	F.P.	30/4	101	99	Renaissance Hldgs.	100	......	—	—	—	—
—	F.P.	30/4	42	25	Do. Warrants	42	......	—	—	—	—
§100	F.P.	7/4	152	120	♦Sanders & Sidney 5p.	143	......	R4.26	2.0	4.1	16.8
210	F.P.	24/4	270	236	Scandinavian Bk. Units	236	−2	u8.0	2.5	4.8	9.9
§135	F.P.	—	183	148	♦Thornton (G.W.) 5p	173	−3	L3.75	3.80	3.0	12.2
—	F.P.	—	281	220	♦UTC Group	276	......	♦u14.0	—	7.1	—
§140	F.P.	—	181	171	Waterglade Intl. 5p	176	......	R3.25	3.5	2.4	14.9
130	F.P.	16/3	146	134½	Wilson Bowden 10p	135	......	L3.4	3.0	3.6	13.2
§144	F.P.	—	191	170	♦Wood (J.D.)& Co.10p.	178	+7	R2.5	3.6	2.0	19.7
§120	F.P.	29/4	190	145	♦Wyevale Gdn. Cen. 50p	188	−1	u2.63	2.8	2.0	25.5

For British Airways see London Share Service (Industrials)

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	101	95	Asda Prop.10⅞% 1st Mort.Deb. 2011	98	−1
‖	£30	3/6	49	38	DixonsGrpNon-Int-bmg.Cv.Un.Ln(£1)	38½	+½
—	F.P.	—	127p	112p	Heywood Williams Cum. Cnv. Red. Prf	124p	+2
—	F.P.	—	100⅛	100⅛	Nationwide 9⅞%Bds.11/4/88	100¼	......
—	£25	—	25	24¼	Do 3⅞% I-L Ln 2021	24⅛	......
‖	Nil	—	1½pm	½pm	Second Mkt. Inv. 2½% Cnv Uns Ln 94	1½pm	......
§98.819	£20	11/9	24⅞	18⅞	TR City of Lon. Tst 10⅛% Deb 2020	20⅞	+1⅞
100.179	F.P.	24/6	102	98	Tops Estates 10¼% 1st Mort. Deb. 2011/16	100⅛	......
§99.016	£25	29/5	26¼	25⅛	Town Centre Secs. 10½% 1st Mort. Deb. 2021	25¼	+⅛
—	£30	9/10	31¼	30	Tribune Inv. Tst. 9¼% Deb 2012	30	−⅞

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
320	Nil	—	36pm	36pm	DPCE 5p	36pm	......
75	Nil	—	38pm	21pm	Ferguson (J) 10p	36pm	+2
300	Nil	18/5	44pm	34pm	Iceland Frozen 10p	38pm	−1
125	Nil	15/5	98pm	88pm	Nash Inds.	88pm	+5
5	Nil	22/5	40pm	31pm	♦New England Props. 5p	31pm	−5

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

AUSTRIA

April 15	Price Sch%	+ or −
Creditanstalt	1985	−5
Goesser	3060	+10
Interunfall	12768	−7
Jungbunzlauer	8750	+50
Laenderbank	1920	+5
Perlmooser	696	.....
Steyr-Daimler	141	−1
Veitscher Mag	845	−10

BELGIUM/LUXEMBOURG

April 15	Price Frs.	+ or −
B.B.L.	3100	−95
Banque Gen. Du L.	15400	.....
Bank Int. A Lux.	14800	.....
Bekaert B	10400	−350
Ciment CBR	5320	.....
Cockerill	140	+1
Delhaize	3200	−195
EBES	5280	.....
Fabrique Nat	1795	+15
GB Inno BM	1040	−20
GBL (Brux)	3540	−30
General Bank	6710	−40
Gevaert	6700	−90
Hoboken	7000	.....
Intercom	4300	−15
Kredietbank	4600	−90
Pan Holdings	11900	.....
Petrofina	10475	+25
Royale Belge	5970	.....
Soc Gen Belge	3550	−20
Sofina	14400	+200
Solvay	9770	−405
Stanwick Intl.	440	.....
Tractionel	7290	−10
UCB	9000	−600
Wagons Lits	5720	.....

DENMARK

GERMANY

April 15	Price Dm.	+ or −
AEG-Telef	314.00	+6.5
Allianz Vers	1805.00	−5
BASF	275.50	+2.5
Bayer	308.80	+1.8
Bayer-Hypo	422.00	+3
Bayer-Verein	445.00	−1
BHF-Bank	443.00	+3
BMW	529.00	+11
Brown Boveri	310.00	.....
Commerzbank	274.00	+6
Cont'l Gummi	325.00	+1.5
Daimler-Benz	998.00	+16
Degussa	501.00	.....
D'sche Babcock	207.00	−1
Deutsche Bank	652.50	+5.5
Dresdner Bank	352.00	+5.5
Feld Muehle Nob	288.50	+2
Henkel	494.50	+10.5
Hochtief	750.00	+6
Hoechst	277.00	+2.6
Hoesch Werke	106.10	+0.1
Holzmann (P)	428.00	−2
Horten	221.00	+3
Husel	575.00	.....
Karstadt	432.00	+7
Kaufhof	479.80	−0.2
KHD	150.00	−2
Kloeckner	67.00	+0.5
Linde	676.00	+1.5
Lufthansa	190.00	+1
MAN	168.50	−0.5
Mannesmann	184.00	−1
Mercedes Hld.	830.50	+13.5
Metallgesell	327.00	+1
Munich Rueck	1820.00	+10
Nixdorf	792.20	+7.7
Porsche	870.00	+1
Preussag	171.00	+5
Rhein West Elect.	220.80	−0.2
Rosenthal	259.00	+5
Schering	610.00	+5
Siemens	647.50	+5.5
Thyssen	115.00	−0.5
Varta	354.00	+6
Veba	275.50	+4.5
V.E.W.	160.00	.....

FINLAND

FRANCE

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Closing prices April 14

WE REGRET that this listing is incomplete due to communication problems.

MONTREAL

Closing prices April 15

NEW YORK

Indices

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 43

LONDON – Most Active Stocks

April 15, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit Gas	13.55m	91½	—	Burton	6.30m	277	−4
Brit Airways	10.85m	136	—	Cable & Wire	5.80m	347	−6
Gen Elect	9.80m	192	− ½	Hanson Trust	5.40m	152	− ½
Brit Telecom	6.90m	238	—	Sears	5.00m	122⅞	− ½
Grand Met	6.80m	482	+13	Shell Trans	4.90m	£11⅞	+ ⅟₁₆
				TSB	4.80m	81	+ ½

TOKYO – Most Active Stocks

Wednesday, April 15, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	82.97m	360	− 8	Asahi Glass	25.82m	728	−25
Mitsui & Co.	52.78m	835	− 6	Ishikawajima-Harima	24.82m	821	−18
Furukawa Electric	34.38m	882	+ 5	Nippon Kokan	23.84m	318	− 7
Tokio Marine & Fire	29.25m	2,848	+68	Yamaichi Securities	22.24m	2,730	−38
Mitsubishi Metal Ind	27.10m	777	−25	Taisei Corp	21.83m	1,300	+29

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

Avis Europe	291½ + 14½	*Crowther (J)*	207½ + 7½
BPB Inds	647 + 27	Fisher (A)	238 + 6
Barclays	503 + 18	Ford (Martin)	92 + 5
Beecham	489 + 9	Grand Met	482 + 13
Courtaulds	408½ + 10½	Guinness Peat	106 + 5
Ladbroke	416 + 5	Smiths Inds	299 + 9
Laing Props	382 + 18	Sun Life	£11¼ + ¾
Land Securities	392 + 7	Taylor W.	348 + 16
Laporte Inds	484 + 9	Wellcome	424 + 17
Lawrence (W)	132 + 7		
Morgan Gren.	375 + 9		
NatWest Bank	568 + 28		
Northern Foods	303 + 11		
Pilkington Bros	770 + 21		
Rank Org	669 + 38		

FALLS:

Greenwick Res.	270 − 10
Royal Ins	885 − 16
Sons of Gwalia	695 − 50
Western Mining	451 − 10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.50	1.7	21	372	30	29¼	29¾	
37	21⅞	ADT	.92	2.8	19	385	33¼	32½	32¾	−¼
41½	23⅝	AFG	.12e	.3	11	1080	38¾	36¼	37⅛	+1⅜
40¼	16¾	AGS			20	56	35⅝	34¾	34¾	−¼
9⅝	4⅞	AM Intl				1054	6¾	6⅝	6⅝	−⅛
62⅞	47¼	AMR			11	7589	53	51¾	52	+⅞
27½	25	ANR pf	2.67	10.		5	26	26	26	−½
25	20⅞	ANR pf	2.12	8.6		5	24⅝	24⅝	24⅝	
12⅞	8	ARX s			12	32	10¼	10	10	
73½	28¾	ASA	2a	3.0		4129	69½	65⅝	66	−6
19⅝	9¾	AVX		1.8		604	18¼	17¼	18	+⅝
32¾	26½	AZP	2.72	9.2	10	2178	29½	28⅝	29½	+¾
67	41	AbtLb s	1	1.7	25	6084	60⅞	58¾	60½	+2
34¾	25	AccoWd	.62	1.9	20	184	32⅛	32	32⅛	+⅜
14	9	AcmeC	.40	2.7	27	1325	u14¾	13¼	14¾	+1⅜
8½	6⅛	AcmeE	.32b	4.2	26	38	7⅝	7½	7⅝	+⅛
23⅞	18⅞	AdaEx	3.42e	16.		156	21¼	20¾	21	
19½	11⅜	AdmMe	.24	1.3	14	38	18⅝	18½	18½	−¼
21½	12⅛	AdvSys	.62t	3.1	15	517	20⅛	20	20⅛	+⅜
31½	12⅞	AMD				2883	20½	20	20⅜	+½
52⅝	49⅝	AMD pf	3	5.9		39	50½	50¼	50½	+½
10¾	5¼	Adobe				294	9⅝	9⅜	9⅝	
20½	15¾	Adob pf	1.84	9.4		20	19⅝	19⅝	19⅝	+⅜
21⅞	16⅝	Adob pf	2.40	12.		62	21	20⅝	20⅝	−⅛
18⅝	11½	Advest	.12a	.9	11	385	13⅝	13⅛	13½	+½
68¼	53	AetnLf	2.76	4.7	9	7436	59½	58½	58⅝	+¼
54	51⅛	AetL pf	2.81e	5.4		4	52	51⅞	52	
50¾	21⅞	AffPb s	.32	.7	25	495	46⅝	45¾	46¼	+¼
28¾	18⅞	Ahmnsa	.88	4.0	7	5754	22⅝	21⅝	22⅛	+⅞
5¾	2⅞	Aileen				149	4¼	4⅛	4¼	+⅛
48½	29⅛	AirPrd s	.80	1.7	36[?]1	3092	45⅞	44¼	45¾	+⅞

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
75⅝	49⅛	Xerox	3	4.1	19	4988	74	71⅞	73⅝	+1⅞
58¼	55	Xerox pf5.45		9.8		2881	55½	55⅛	55½	
28¼	21½	XTRA	.64	2.6		49	24⅝	24½	24½	−⅛
21¼	13½	Yorkin			23	90	20⅝	20⅝	20⅝	+⅛
6	2¼	Zapata				408	4	3¾	3⅞	
43⅞	20¾	Zayre s	.40	1.5	17	3261	26⅝	25½	25⅞	+¼
14⅝	9¾	Zemex	.40	3.0	9	24	14⅛	13½	13½	−⅝
29⅞	18⅞	ZenithE				583	25⅛	24¾	24⅞	+¼
18¼	8	ZeaLb s				986	12	11½	11½	−¼
21	12⅝	Zero	.36	2.2	17	178	16⅝	15⅞	16⅜	+⅛
51¼	32⅝	Zurnin	1.32	2.9	18	134	46	45	45	
10⅝	8¾	Zweig n.10e		1.1		1677	9½	9¼	9⅜	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 41

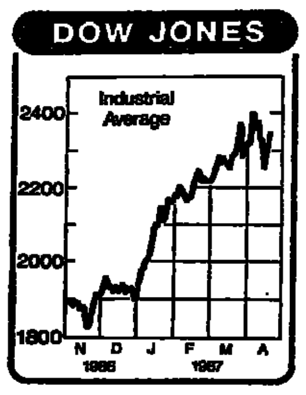
FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Good corporate news adds to momentum

WALL STREET



A REBOUND in the fortunes of the dollar played a prominent part in Wall Street's recovery yesterday, *writes Paul Hannon in New York.*

The flow of solid corporate results also added strength to the market's tone as the latest quarterly reporting season gathered momentum.

Bond prices also managed a rebound as the latest government data on the economy showed a lower industrial production and higher retail sales for March and a forecast of business capital spending to rise 1.8 per cent during the current year.

By the close, the Dow Jones industrial average was up 29.97 at 2,282.95 and the transportation average was 6.47 higher at 921.37. The utilities average posted the best gain of the day with a 6.56 rise – or 3.4 per cent – to 199.39. Trading volume, although lower than Tuesday, was still high at over 198m shares.

Among blue chips, IBM jumped $2¾ up to $150¼, Sears was $1⅛ higher to $50⅞ and McDonald's firmed $1⅛ to $76⅛.

AT&T drew steady buying following its first-quarter earnings gain to 40 cents per share from 31 cents. The telecommunications group advanced $⅛ to $24⅞ on volume of more than 2.2m shares by midsession.

Teledyne turned in bumper profits of $6.06 per share (against 5.45 last time) and jumped $2¾ to $323½ in thin trading.

Apple computer's second-quarter modest rise of 1 cent per share to 51 cents boosted the small computer group $3 to $71.

Improved results from several leading drugs groups failed to attract much support as fears over a possible long term rebound in the dollar could affect their overseas earnings potential. Merck, which saw first-quarter net earnings jump 28 per cent to over $201m, staged a swift retreat in the stock market as its share price slumped $2⅞ to $156.

Warner Lambert scored a first-quarter rise to $1.02 per share against 87 cents and finished $⅞ to $70.

The banking sector also saw more results, most of which charted strong earnings performances during the past three months.

Calfed edged $⅛ higher to $32½ Bank of Boston held steady at first but closed $2 higher to $30¾ on its $1.06 per share compared with 82 cents. Security Pacific managed an early advance to $¼ to $35¼.

BIC, the disposable pen, lighter and razor group, picked up $⅝ to $27⅞ in thin trading after the group forecast a gain of 19 per cent in first-quarter figures. BIC has been under steady selling pressure recently due to reports that a number of fatalities and serious injuries have been linked to their lighters in the US.

Caesars World, the Los Angeles-based casino group, rejected the improved $32 per share offer from Mr Martin T. Sosnoff. The company's stock held steady for most of yesterday and posted a small $⅛ rise near the close to $32⅛.

Hospital Corp of America's weaker first-quarter figures failed to deter buyers which pushed the hospital management group $1 higher to $39⅛ in moderate early trading.

Coca-Cola, which jumped to 49 cents per share in the quarter from 42 cents, gained $⅞ to $44¼

Oils were active again as Texaco gained a fresh $1⅜ to $31⅜ in spirited trading while Pennzoil retreated a fresh $⅜ to $76½.

The bond market recovered on short-covering from Asian investors following the retreat by the yen against the dollar. The rise in march retail sales and the decline in industrial production had little impact as both developments had been expected.

Opening gains of over 1¾ points in the key government long bond, the 7½ per cent due in 2016, were eroded in midmorning trading but the bellwether issue recovered in late trading to finish ¾ of a point higher on the day at 91⅜₂ to yield 8.29 per cent.

Short-term interest rates opened weaker and posted losses of about 16 basis points among three-month treasury bills which yielded 5.82 per cent, six-month bills were 12 basis points down at a yield of 6.18 per cent and one-year bills were traded 9 basis points lower to yield 6.51 per cent.

Federal funds opened at 6⁷⁄₁₆ and slipped later to 6⅜ per cent at which stage the federal reserve announced a $2bn customer repurchase. Corporate bonds rose up to ⅜ point in early modest trading.

CANADA

PROFIT-TAKING and the strength of the dollar sparked sales of gold stocks, taking Toronto share prices down. Among other share groups, energy issues were flat and mining stocks fell.

International Corona lost C$4⅞ to C$48⅛ and Lac Minerals retreated C$1¼ to C$43⅞.

Dome Petroleum led the actives yet again, falling 10 cents to C$1.70. The company said none of the takeover bids it was considering would justify the recent rise in its stock price.

Montreal moved against the trend, showing gains.

New trading seats, Page 23

Laura Raun in Amsterdam looks at the background to a bill designed to counter insider trading

Dutch act to keep the record clean

COMBATTING insider trading has taken on a new sense of urgency in the Netherlands following embarrassing scandals in London and New York.

The Dutch parliament will soon debate a bill outlawing for the first time the use of secret information for personal or corporate gains in securities trading. The law is designed to put teeth into the Amsterdam Stock Exchange's voluntary conduct code, which was adopted last year and is based on a similar one at the London Stock Exchange.

The Dutch Cabinet approved the new bill last December. It is a tougher version of the original proposal and carries a maximum fine of Fl 100,000 ($49,300) for individuals and Fl 1m for companies profiting from trading on information not available to the public. A two-year prison sentence may also be imposed and the profits may be confiscated.

The Amsterdam bourse has itself greatly stepped up efforts to ferret out insider trading although it has stopped short of imposing fines. The stock exchange is currently probing the possible misuse of price-sensitive, secret information about two listed companies and has received allegations about a third.

Bredero, a financially troubled construction and property group, is being investigated for the third time after being cleared in earlier inquiries. A small company is also under investigation and on Tuesday an Amsterdam jobbing firm was accused of insider trading by a Panama-based investment firm. The exchange will not comment on any of the cases.

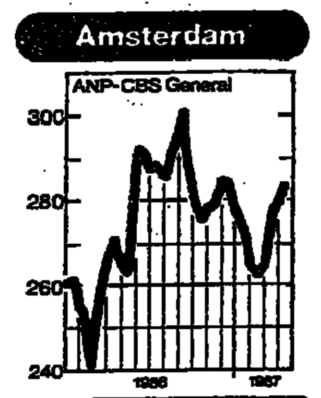
The bourse is paying much closer attention to suspicious price movements and halting trading more often. Last week, dealing in Furigas, a gas company listed on Amsterdam's parallel market, was stopped and all transactions for that day were later cancelled due to a leak of information. But the exchange decided against imposing any penalty.

Three years ago the bourse set up a "stock watch group" to monitor trading irregularities with an eye towards insider abuse, since when the number of inquiries has accelerated.

Two weeks ago the stock exchange, together with the European Options Exchange and the Amsterdam Financial Futures Market, created a joint supervisory commission that will co-ordinate watchdog functions.

In announcing the new commission, Baron van Ittersum, chairman of the bourse, said the securities industry should try to foster a good reputation, avoid a crackdown by the Government and prevent shameful scandals.

Government moves began in 1985, when the Netherlands liberalised its capital market. Mr H. Onno Ruding, the Finance Minister, suggested more regulation, agreeing with financiers that supervision was needed to boost Amsterdam's efforts to compete in global financial markets.



Mr Ruding speeded up the insider trading bill, part of wider legislation on securities trading that is still in the works.

EUROPE

Strengthening dollar provides a fillip

OPTIMISM prevailed in most of Europe, as the bourses welcomed a firming in the dollar and shrugged off fears of a rise in global interest rates. With the easter holiday just around the corner, turnover was generally low as foreign investors stayed away.

Frankfurt got off to a strong start in lively trading spurred on by the dollar's stronger tone and sustained despite the currency's later decline. Late profit-taking eroded gains, but the Commerzbank index at midsession was up 38.8 to 1,808.9.

Negotiations between metalworkers' unions and employers to try to break an impasse in wage talks appeared to have little effect on the market, which was unusual in Europe in attracting both domestic and foreign buyers.

Banks were stronger, as were carmakers. Commerzbank put on DM 6 to DM 274 and Dresdner firmed DM 5.50 to DM 352.

VW ordinaries added DM 3.60 to end at DM 334. Daimler surged through DM 1,000 to touch DM 1,003 in early euphoria, then retreated to end DM 16 higher at DM 998. BMW was strongest in the sector, gaining DM 11 to end at DM 529.

Amsterdam took heart from Wall Street's opening rally and the firmer dollar and embarked upon a round of buying. The determination of central banks to support the currency benefited dollar-sensitive stocks in particular, and aircraft maker Fokker added Fl 2 to Fl 51 on demand from mainly private investors.

Among internationals, Royal Dutch added Fl 2.30 to Fl 242.80, and Unilever rose Fl 2.80 to Fl 579.30.

Second-largest insurer Amev ended Fl 1.80 up at Fl 66.80.

Zurich rose on selective demand with many investors waiting for fresh signals from the foreign exchange markets.

Among industrials, Brown Boveri was in demand, its bearer share closing up SFr 50 at BFr 1,800, but the certificate was quoted lower. Its registered stock leapt 10 per cent from SFr 300 to SFr 330.

Stockholm was uneasy in the face of a turbulent money market, but a fall in yields towards the end of the day precipitated a late afternoon rally which took many people by surprise.

The Veckans Affarer index closed up 14.7 at 975 with turnover up to SKr 459m. Astra remained the best performer, boosted by news of a co-operation agreement with research firm Syn Tek, closing up SKr 25 at SKr 715.

Brussels began the day on a depressed note and continued to ease, with sharp falls in some chemicals on heavy foreign selling.

Paris swung back after falls early in the day and welcomed signs of intervention to support the dollar. Bongrain gained FFr 34 to FFr 755

Paribas slipped FFr 4 to FFr 518 and Source Perrier lost FFr 5 to FFr 757.

Milan continued to reflect strong demand for insurers and selective financials along with interest in the banking sector. An expected call for early elections did not appear to have a negative effect.

LONDON

FOLLOWING the trend on Wall Street, London rallied but only the equity sector managed to hold onto its early gains. The FT-SE index closed a net 13.3 up at 1,922.2 and the FT Ordinary was 8.4 higher at 1,515.1.

Gilts finished lower. Details, Page 40

SOUTH AFRICA

GOLD SHARE prices in Johannesburg closed mixed with a firm underlying trend as the bullion price continued strong but currency considerations encouraged cautious trading.

Vaal Reefs jumped R13 to R455, but Blyvoor fell 50 cents to R25. Impala Platinum gained R1.50 to R52.50 and diamond share De Beers 50 cents to R42.25.

Mining financials and other minings were generally steady.

The gold index was 2,263 near the end of trading after a new high of 2,265 at midsession.

ASIA

Nikkei lower after volatile day

TOKYO

VOLATILITY continued unabated in Tokyo yesterday as the Nikkei average first plunged and later made up almost all the lost ground to end just 13.39 down at 23,510.69, *writes Shigeo Nishiwaki of Jiji Press.*

The early tumble was sparked by the yen's persistent strength and new restictions on margin trading. But financial stocks attracted fresh demand later, leading the market up again.

Volume amounted to 1.26bn shares, almost unchanged from Tuesday's 1.16bn shares. Declines led advances by 613 to 301, with 86 issues unchanged.

A spokesman for one major securities company described the session as "unintelligent", noting the market's stronger performance than expected despite a plethora of unfavourable factors. Among these are the imminent imposition of punitive tariffs on Japanese electronics products by the US, the overnight plunge on Wall Street and the tighter curbs on margin trading on the Tokyo Stock Exchange.

He said the gains resulted from institutional investors having little choice but to pour rapidly increasing surplus funds into the stock market, disregarding bad economic fundamentals.

Financials remained market leaders on renewed investor interest in the rapidly expanding capital market in Tokyo and on institutions' robust earnings.

Tokio Marine and Fire Insurance was the busiest issue among financials, with 29.25m shares changing hands, firming Y80 to Y2,840 after falling Y30. At one stage in the morning, it surged Y110. Taisho Marine and Fire Insurance gained Y40 to Y1,570

Banks strengthened almost across the board: Mitsui Bank soared a maximum Y400 to Y3,250 and Mitsubishi Trust and Banking Y210 to Y5,610. Conversely, Sumitomo Bank shed Y30 to Y4,870 on profit-taking after leading the financial sector recently, and Nomura Securities lost Y10 to Y5,480.

Large-capital steels and shipbuildings remained weak. Nippon Steel headed the active stock list on a volume of 62.97m shares, easing Y9 to Y360.

Asahi Glass, with 25.82m shares, climbed Y80 to Y2,100 on investor appraisal of the company's superconductor technology, while Kirin Brewery added Y160 to Y2,750 following the start of new clinical tests of a blood-making hormone. Shionogi shot up Y140 to Y1,980 on renewed investor interest in biotechnology stocks.

Bonds made a sizeable gain amid mounting expectations of another discount rate cut by the Bank of Japan, bolstered by the yen's record-breaking spurt after the announcement of the February US trade deficit.

The yield on the bellwether 5.1 per cent 10-year government bond maturing in June 1996 fell from 3.790 to 3.680 per cent on active dealer buying after hitting a record low of 3.645 per cent at one stage. Institutions, concerned about the uncertain market outlook, kept a low profile.

HONG KONG

BARGAIN-HUNTING led share prices out of their recent trough in Hong Kong as sentiment turned optimistic, helped by gains in Hang Seng index futures.

The Hang Seng index climbed to close up 25.27 at 2,693.62 after early losses, while the Hong Kong index was 17.58 higher at 1,732.17. Trading activity was moderate.

Hongkong Land finished down HK$1.20 at HK$6.00 after the price was adjusted for its spin-off of Mandarin Oriental Hotels and its stake in Jardine Strategic.

AUSTRALIA

PROFIT-TAKING continued into a second day in Sydney, fuelled by the sharp downturn on Wall Street, and most stocks finished lower although some golds were supported by the strong bullion price.

The All Ordinaries index lost 12.4 to 1,764.8 while the gold index was up 6.5 at 3,450.4 after climbing some 100 points in morning trading.

In heavy trading, the industrial sector saw News Corp shares slide A$1.70 to A$21.30, while Industrial Equipment was off 20 cents at A$5.00.

Golds were mixed.

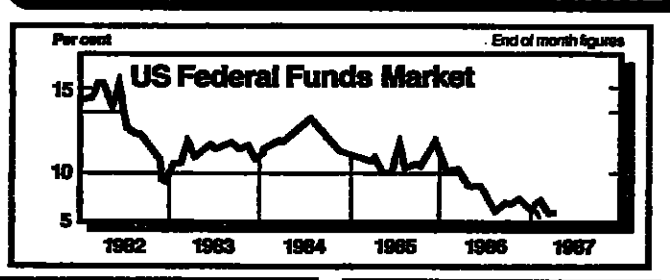
SINGAPORE

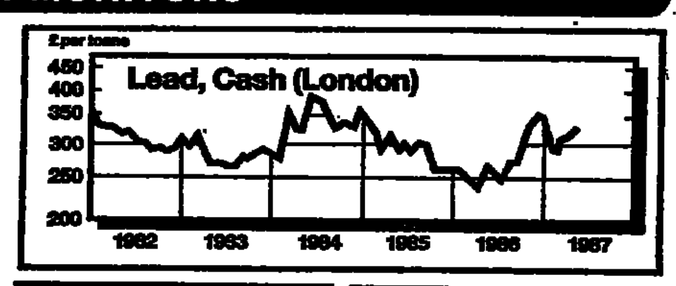
A SUBDUED TONE in the run-up to the Malaysian party elections saw share prices generally fall in Singapore as investors continued to take profits. The Straits Times industrial index closed 6.29 lower at 1,094.76.

Most active issue was Malaysia Resources, up 3 cents at 37½ cents on 3.5m shares traded.

In blue chips, Singapore Airlines lost 10 cents to S$11.80 and Fraser and Neave 35 cents to S$9.50. Banks were mixed.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	April 15	Previous	Year ago
DJ Industrials	2,257.24*	2,252.98	1,809.65
DJ Transport	916.19*	914.90	788.27
DJ Utilities	195.24*	192.83	189.17
S&P Comp.	281.47*	279.16	237.73
LONDON FT			
Ord	1,515.1	1,506.7	1,319.4
SE 100	1,922.2	1,908.9	1,654.8
A All-share	968.98	960.35	812.17
A 500	1,073.14	1,066.40	892.88
Gold mines	479.9	485.0	282.9
A Long gilt	9.23	9.19	8.96
World Act. Ind	127.38	126.19	127.87
TOKYO			
Nikkei	23,510.69	23,524.1	15,352.3
Tokyo SE	2,104.49	2,096.92	1,223.95
AUSTRALIA			
All Ord.	1,764.8	1,777.2	1,198.7
Metals & Mins.	1,109.6	1,106.1	559.5
AUSTRIA			
Credit Aktien	197.86	198.89	118.65
BELGIAN SE	4,506.41	4,552.85	3,515.38
CANADA			
Toronto			
Met.& Mins.	2,740.1	2,754.3	2,270.0
Composite	3,763.7	3,773.4	3,100.2
Montreal			
Portfolio	1,863.36	1,857.1	1,611.6
DENMARK SE	n/a	197.30	247.88
FRANCE			
CAC Gen	446.30	444.51	378.0
Ind. Tendance	112.90	112.20	91.0
WEST GERMANY			
FAZ-Aktien	596.67	583.46	736.56
Commerzbank	1,808.90	1,770.10	2,238.3
HONG KONG Hang Seng	693.62	2,668.35	1,763.73
ITALY Banca Comm.	743.21	737.17	716.05
NETHERLANDS ANP CBS			
Gen	281.80	283.61	271.6
Ind	261.20	262.31	256.8
NORWAY Oslo SE	421.75	422.24	360.29
SINGAPORE Straits Times	1,094.76	1,101.05	569.17
SOUTH AFRICA JSE			
Golds	—	2,242.00	1,159.1
Industrials	—	1,792.00	1,108.7
SPAIN Madrid SE	238.27	234.33	159.30
SWEDEN J & P	2,637.30	2,596.80	2,305.12
SWITZERLAND Swiss Bank Ind	589.00	585.81	600.5

COMMODITIES (London)

	April 15	Prev
Silver (spot)	444.65p	421.60p
Copper (cash)	£915.50	£914.50
Coffee (July)	£1,307.00	£1,323.00
Oil (Brent)	$17.725	$17.50

GOLD ($/oz)

	April 15	Prev
London	$443.75	$442.75
Zürich	$444.50	$444.25
Paris (fixing)	$442.48	$439.47
Luxembourg	$444.40	$440.75
New York (June)	$446.50	$454.60

CURRENCIES (London)

	US DOLLAR April 15	US DOLLAR Previous	STERLING April 15	STERLING Previous
$	–	–	1.6330	1.6325
DM	1.8060	1.8020	2.9500	2.9425
Yen	141.75	141.10	231.50	230.25
FFr	6.010	5.9975	9.815	9.790
SFr	1.4865	1.4850	2.430	2.425
Fl	2.0370	2.0330	3.3275	3.32
Lira	1,289	1,285	2,105	2,098
BFr	37.40	37.40	61.05	61.05
C$	1.3240	1.3185	2.1625	2.1535

INTEREST RATES

Euro-currencies (3-month offered rate)	April 15	Prev
£	9⅞	10
SFr	3¹⁵⁄₁₆	3¹³⁄₁₆
DM	4	4
FFr	8⅜	8⅜
FT London Interbank fixing (offered rate)		
3-month US$	7⁹⁄₁₆	7⁵⁄₁₆
6-month US$	7½	7⅜
US Fed Funds	6⅜*	6⅜
US 3-month CDs	6.50*	7.025
US 3-month T-bills	5.74*	6.08

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	93-08	94-06	92-27	92-20
US Treasury Bills (IMM) $1m points of 100%				
June	93.85	94.00	93.89	93.83
Certificates of Deposit (IMM) $1m points of 100%				
June	–	–	–	93.21
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.87	92.97	92.84	92.77
20-year National Gilt £50,000 32nds of 100%				
June	122-08	123-21	122-06	122-24

US BONDS

Treasury

	April 15* Price	April 15* Yield	Prev Price	Prev Yield
6⅞ 1989	98²⁹⁄₃₂	6.998	98¹⁷⁄₃₂	7.19
7 1994	96⅝₂	7.94	94¹¹⁄₃₂	8.047
7¼ 1996	94²⁷⁄₃₂	8.112	93¹¹⁄₃₂	8.248
7½ 2016	91	8.32	90⅜₂	8.415

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	April 15* Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	April 15* Price	April 15* Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93	6.30	93.08	6.30
SCBT South Central 10⅞ Jan 1993	104.625	9.82	104.50	9.85
Phibro Sal 8 April 1996	93.94	9.00	93.94	9.00
TRW 8⅜ March 1996	99	8.91	98.75	8.95
Arco 9⅞ March 2016	103.625	9.50	103.60	9.52
General Motors 8⅜ April 2016	87.25	9.41	98.75	8.95
Citicorp 9⅞ March 2016	94.10	10.00	94.10	10.00

Source: Salomon Brothers

* Latest available figures